



DEPARTMENT OF THE NAVY  
HEADQUARTERS UNITED STATES MARINE CORPS  
WASHINGTON, DC 20380

MCO P4066.17  
LFE-hn1  
26 May 1982

MARINE CORPS ORDER P4066.17 W/Ch 1, 2

From: Commandant of the Marine Corps  
To: Distribution List

Subj: Marine Corps Exchange Security and Loss Prevention Manual

Ref: (a) MCO P4066.13D  
(b) MCO P5600.31E  
(c) MCO 5600.45B

Encl: (1) LOCATOR SHEET

1. Purpose. To prescribe procedures, instructions, minimum guidelines, and policy for the security and prevention of loss of Marine Corps exchange assets.

2. Information. This Manual contains information which is instructional in nature as well as establishing minimum standards of criteria for the physical security of exchange merchandise, supplies, and funds. The detailed procedures prescribed herein supplement those in reference (a) and are designed to provide policy guidance for all personnel that have cognizance over Marine Corps exchange operations. All personnel assigned to duty at Marine Corps exchanges should be familiar with the contents of this Manual.

3. Recommendation. Recommendations concerning the contents of the Marine Corps Exchange Security and Loss Prevention Manual are invited. Such recommendations will be forwarded to the Commandant of the Marine Corps (Code LFE) via the appropriate chain of command.

4. Distribution. This Manual has been assigned Distribution Code JF, and those activities concerned will receive updated printouts of their Individual Activity Table of Allowances for Publications indicating Distribution Code JF. Requests for increase or decrease in allowance quantities should be submitted to the Commandant of the Marine Corps (Code HQSP-2) in accordance with reference (b). A future change to reference (c) will include Distribution Code JF.

5. Reserve Applicability. This Manual is not applicable to the Marine Corps Reserve.

6. Certification. Reviewed and approved this date.

*H. Q. Hatch*

Deputy Chief of Staff  
for Installations and Logistics

DISTRIBUTION: JG

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HEADQUARTERS UNITED STATES MARINE CORPS  
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MCO P4066.17 Ch 1  
LFE-ncs  
20 Jul 1982

MARINE CORPS ORDER P4066.17 Ch 1

From: Commandant of the Marine Corps  
To: Distribution List

Subj: Marine Corps ExChange Security and Loss Prevention  
Manual

1. Purpose. To direct a pen change to the basic Manual.
2. Action. On the promulgation page, distribution line, change "JG" to read "JF".
3. Filing Instructions. This Change transmittal will be filed immediately following the signature page of the basic Manual.
4. Certification. Reviewed and approved this date.

*H. A. Hatch*

Deputy Chief of Staff  
for Installations and Logistics

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MCO P4066.17 Ch 2  
LFE-dld  
26 Nov 1984

MARINE CORPS ORDER P4066.17 Ch 2

From: Commandant of the Marine Corps  
To: Distribution List

Subj: Marine Corps Exchange Security and Loss Prevention Manual

Encl: (1) New page inserts to MCO P4066.17

1. Purpose. To transmit new page inserts and direct a pen change to the basic Manual.

2. Action

a. Remove and destroy present page iii and replace it with the corresponding page contained in the enclosure.

b. Insert new pages 26-1 through 26-5 to the basic Order.

c. Page 7-3, paragraph 7000.2, first line, change "30" to read "90".

3. Summary of Changes. This Change adds a new chapter to provide guidance concerning Marine Corps exchange electronic data processing security, and corrects an error concerning checks.

4. Change Notation. Significant changes contained in the revised pages for this change are denoted by an arrow ( ➤ ) symbol.

5. Filing Instructions. This Change transmittal will be filed immediately following page 3 of the basic Manual.

6. Certification. Reviewed and approved this date.

A handwritten signature in black ink, appearing to read "G. B. Crist", is positioned above the typed name.

GEORGE B. CRIST  
Deputy Chief of Staff  
for Installations and Logistics

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MCO P4066.17  
26 May 1982

LOCATOR SHEET

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Location: \_\_\_\_\_  
(Indicate the location(s) of the copy(ies) of this Manual.)

ENCLOSURE (1)

SECURITY AND LOSS PREVENTION MANUAL

RECORD OF CHANGES

Log completed change action as indicated.

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# SECURITY AND LOSS PREVENTION MANUAL

## CONTENTS

### CHAPTER

	FOREWORD
1	GENERAL INFORMATION
2	SHOPLIFTING PREVENTION
3	INTERNAL THEFT PREVENTION
4	PHYSICAL SECURITY
5	FACILITY SECURITY
6	COUNTERFEIT MONEY
7	NEGOTIABLE INSTRUMENTS
8	INTERNAL CASH CONTROL PROCEDURES
9	PROCEDURES FOR ROBBERY PREVENTION
10	KEYS AND LOCKS
11	SAFES
12	WAREHOUSE SECURITY
13	LAYAWAYS
14	WILL CALL PROCEDURES
15	PATRON AND EMPLOYEE REFUNDS
16	VOID AND "NO SALE" PROCEDURES
17	PERSONNEL
18	FOOD SERVICE LOSS PREVENTION
19	SERVICE STATION LOSS PREVENTION
20	VENDING MACHINE LOSS PREVENTION
21	LOSS PREVENTION IN INDIRECT OPERATIONS
22	INSPECTIONS AND REVIEWS
23	STANDARDS OF CONDUCT
24	MANDATORY MINIMUM SECURITY PROCEDURES FOR EXCHANGES
25	MANDATORY MINIMUM PHYSICAL SECURITY REQUIREMENTS
26	ELECTRONIC DATA PROCESSING (EDP) SECURITY





## SECURITY AND LOSS PREVENTION MANUAL

### FOREWORD

1. The Marine Corps Exchange Security and Loss Prevention Manual has been prepared for the purpose of providing the exchange officer, senior exchange management, and security staff with a working knowledge of basic security procedures found to be useful in implementing an effective loss prevention program. The absence of specific reference in this Manual to a particular preventive measure does not preclude the responsible individual from applying sound management techniques to implement additional safeguards.

2. Loss prevention has assumed increasing importance in recent years due to the severe pressure from rising costs of business operations. Marine Corps exchanges have also been faced with increasing costs of operation, due in part to a slowly increasing shortage rate. However, an effective loss prevention program can help reduce these inventory losses.

3. A good loss prevention program is not difficult to formulate, implement, and follow through. Many exchanges already have existing controls to help safeguard their assets. These controls coupled with the procedures described in this Manual should result in an effective security program.

4. The most important ingredient needed to make the loss prevention program effective, is the active cooperation of all exchange personnel. Through the effective leadership provided by the exchange officer and staff, all personnel will be motivated to participate in and support the program.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 1

GENERAL INFORMATION

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	1000	1-3
SCOPE AND PURPOSE . . . . .	1001	1-3
DUTIES AND RESPONSIBILITIES . . . . .	1002	1-3
		1-1



# SECURITY AND LOSS PREVENTION MANUAL

## CHAPTER 1 GENERAL INFORMATION

1000. GENERAL INFORMATION. In exchanges as in most businesses, there are three general classifications of losses; theft from without; theft from within; and, inadequate or violated procedures. Enforcement of adequate security procedures is the most important factor in protecting an exchange's assets. In retailing, loss, other than those caused by burglaries, holdups, fire damage, accidental breakage, and vandalism, is called shrinkage. It is that amount of merchandise which is unaccounted for at the end of the year after verification of the beginning inventory, markup on purchases, additional markup, sales, markdowns, and the inventory-on-hand via the annual inventory. Shrinkage increases cost of goods sold and decreases profits. Experience has shown the indicators of a manager's ability to control and blend all factors of a business into a smoothly operating, efficient, and productive selling unit. A low shrinkage figure tends to confirm the manager's leadership qualities and to reassure confidence in management abilities and employees. A high shrinkage percentage tends to cast doubt on the entire operation and highlights the need for possible remedial action. There is an almost endless list of conditions which provide fertile grounds for high shrinkage; however, the greatest contribution to this excessive shrinkage is complacency on the part of senior management. Successful managers must realize that good shrinkage control begins with a positive attitude and an energetic determination that shrinkage can and must be controlled. Shrinkage cannot be controlled by having a campaign four times a year. Loss prevention is a 24-hour a day, 365 day-a-year job.

1001. SCOPE AND PURPOSE. The purpose of the loss prevention program is to ensure that adequate security measures and controls, for safeguarding exchange assets, are promulgated and maintained at all exchange activities. This program will emphasize prevention rather than after-loss detection.

1002. DUTIES AND RESPONSIBILITIES. The exchange officer is charged with the responsibility to safeguard the assets of the exchange. It is the exchange officer's duty to see that shrinkage control policies and procedures are followed in every area of the exchange and all its activities.

1. The exchange officer will do everything practicable to protect employees against the temptation of dishonesty.
2. The exchange officer will show continuous interest in how employees protect merchandise and money and make every effort to eliminate waste and carelessness.
3. The exchange officer may hire or appoint a security officer from among present senior management, whose duties will include oversight of reference checks of previous employment; training of sales and support personnel; maintenance of high standards of accuracy; legibility and completeness of reports; and test checks of cash, vouchers, sales audit work, extensions of invoices, and verifications of markdowns and surveys. These individual functions may be delegated to competent, trustworthy personnel; however, oversight must remain the responsibility of the exchange and security officers.

4. The local Provost Marshal Officer (PMO) can in many instances provide valuable services to the exchange in support of loss prevention efforts. In addition to responding to alarms and calls for assistance from an exchange activity, the PMO can provide some or all of the following services:

a. Checks of new employees. Many PMO's have information on record of prior dishonesty.

b. After hours physical security check of activities.

c. Crime control lectures for management and/or employees.

d. Physical security reviews of facilities. Check trash dumpsters.

e. Surveillance of employee parking areas.

f. Escort service for cash couriers.

Exchange officer should actively seek PMO assistance.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 2  
SHOPLIFTING PREVENTION

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	2000	2-3
MANAGEMENT CONTROL EFFORTS . . . . .	2001	2-3
TYPES OF SHOPLIFTERS . . . . .	2002	2-4
SHOPLIFTING METHODS . . . . .	2003	2-4
ACTIONS WHICH MAY BE INDICATIVE OF SHOPLIFTING . .	2004	2-5
PREVENTIVE MEASURES . . . . .	2005	2-7
PROCEDURES FOR HANDLING SHOPLIFTERS . . . . .	2906	2-8
		2-1





CHAPTER 2

SHOPLIFTING PREVENTION

2000. GENERAL INFORMATION. Shoplifting, the stealing of merchandise from an activity, by a person not employed by the exchange, is a major cause of shrinkage. Shoplifting losses may also occur in warehouses and stockrooms where there is internal traffic by vendors, deliverymen, truckdrivers, and servicemen who are permitted to roam about unsupervised. Losses may occur during remodeling or when stocking a new activity prior to opening. A careful check should always be maintained on unguarded merchandise on loading docks, shopping carts, open bins, or when merchandise is near restrooms and telephones. While exchanges are basically controlled access activities, they will still have their share of shoplifters. These shoplifters can have a significant impact on the level of inventory shrinkage.

2001. MANAGEMENT CONTROL EFFORTS

1. Recognition of the shoplifting problem and determination in seeking solutions.

2. Training of employees in methods and techniques of preventing shoplifting and enlisting their cooperation in reporting and identifying shoplifters. This must be an ongoing process with employees constantly aware of management concerns. This may be accomplished by frequent meetings, posters, contests, etc.

3. Proper fixture layout and merchandise display. Fixtures must be arranged and stocked to provide sales personnel with the best possible view of merchandise and customers.

4. High cost and low bulk items (jewelry, watches, cameras, etc.) should be displayed under glass or on shelves, inaccessible to customers. Salespersons will limit and maintain control over items shown to customers at one time.

5. Extra tickets, attachments, and ticketing guns must be under strict control of department managers at all times and be inaccessible to patrons.

6. Shoplifting Facts

a. The Christmas shopping season is the time of the heaviest shoplifting activity.

b. Contrary to common belief, shoplifting most often takes place at the very beginning of the shopping day when employees are getting settled, and near closing time when employees are anxious to go home and are paying little attention to potential shoplifters.

c. Among student age shoplifters, girls outnumber boys four to one. They shop more often and steal mostly jewelry, cosmetics, and clothing.

d. In more than 50 percent of shoplifting apprehensions, violators are from 13 to 19 years of age.

e. The most common items stolen are jewelry, clothes, perfume, tools, records, cassette tapes, and beauty aids. The value of the average theft is \$28.

f. Many young people do not regard shoplifting as a "crime" but as a "game" to achieve "status" among their peers.

## 2002. TYPES OF SHOPLIFTERS

1. Amateurs and Professionals. Shoplifters can be divided into two broad categories: amateurs and professionals.

a. Amateurs are generally impulsive and reasonably well adjusted. This person would not ordinarily be dishonest. However, when risk of detection is minimal, they may shoplift on impulse. Usually they have no preconceived intention to steal.

b. Professional shoplifters make a career out of stealing. They usually specialize in high-ticket merchandise such as jewelry, small appliances, furs, leather garments, etc., which have a "street" value when resold. The professionals are generally polite, talkative, and deliberate. They will not take many chances and will often desist if opportunity to steal is not present. They may pose as someone buying a gift for husband or wife.

## 2. Other Types of Shoplifters

a. Juveniles who work in teams of two or more. They may be as young as 12 years old. Generally they steal for "kicks" or status among their peers. Their targets are usually records, tapes, and small items of clothing (sweaters, blouses, scarves, etc.). They may create a disturbance by loud talking and cursing to draw attention away from an actual thief in the group.

b. The narcotic addict who needs money for a "fix." The addict may take chances by snatching merchandise and making a quick getaway. They are generally easy to detect but due to desperation are usually dangerous when confronted. They should be handled only by professional law enforcement officers.

c. The kleptomaniac is the easiest to identify. Generally they steal as a result of some inner compulsive need. They tend to be shy and nervous although some may be arrogant. Kleptomaniacs generally repeat their crime even after numerous apprehensions. Relatives often pay for merchandise that is stolen. They generally need psychiatric help.

## 2003. SHOPLIFTING METHODS

1. "Palming." This is a simple and effective method of removing small items from a counter. The view of the salesperson is often blocked by other shoppers or an accomplice.

2. Secreting Merchandise on the Person. Probably the most frequent method encountered. The stolen item is placed in a coat or jacket pocket. The item may be carried about the store on the pretense of purchasing it, and carried to a secluded part of the floor before it is hidden on the person.

3. Shopping Bags, Large Purses, or "Booster Boxes." These items are well adapted for shoplifting. They are brought into the store, and small items are deposited in them. Small items can be easily brushed off a counter into a shopping bag or a partially opened umbrella. "Booster" boxes are a professional's tool. It is simply a cardboard or wooden box covered in gift wrap paper. One end is cut to act as a "flap," and when merchandise is hidden in one, the "flap" merely closes off the end of the box. They are generally very difficult to detect.

4. Coats and Raincoats. The professional will often hide merchandise under large, full coats, or raincoats. Some of these may even have hooks sewn to the lining to hold stolen articles of merchandise.

5. Between the Legs. Amateurs as well as professional shoplifters have been known to secrete rather large items between the legs and still walk normally. They learn to walk from the knees down and are difficult to detect.

6. Fitting Rooms. One of the best areas for shoplifting. When this area is not properly controlled, it is a simple matter for a customer to enter, slip a garment under the clothes being worn, and walk out, or they may simply remove all ticketing and put on the new garment, leaving the old garments behind.

7. Ticket Switching. This is a method of stealing which involves switching a ticket from a lower priced item to one with a higher price. The item is then paid for at the lower price.

8. Counter Theft. The method is to take an item from a display counter such as a handbag, sweater, costume jewelry, sunglasses, etc., remove and wear the item out pretending the merchandise is their own property. This method works well in shoe departments and men's and ladies' ready-to-wear departments.

9. Hideaway Theft. The shoplifter selects a large item of luggage and hides smaller items inside. He then pays for the luggage but not the other items inside. A shoplifter might also remove a lower priced item from a carton, secrete a higher priced item within, and pay the carton price at the cash register.

10. Markdown Theft. With knowledge of markdown procedures and marking, a patron can make their own price reduction by crossing out the current sell price and entering a new, lower sell price.

11. Pocket Stuffer. A patron may purchase a sleeved garment or one with large pockets, stuff other merchandise into the sleeves and pockets, and pay for only the outer garment.

12. Team Shoplifting. This practice consists of two or more shoplifters acting in concert. Any of the aforementioned methods may be used to gain possession of the merchandise with the others acting as "lookout" for store personnel. Often, one member will create a Diversion by fainting or starting an argument with a salesperson or among themselves while the other team member steals the merchandise. The team member may occupy a salesperson's time trying on or vacillating about a piece of merchandise while the accomplice "boosts" the merchandise.

13. Stolen Goods Return for Refund. A shoplifter may steal from the exchange for another store, remove tickets, and bring item back for a cash refund.

2004. ACTIONS WHICH MAY BE INDICATIVE OF SHOPLIFTING. Here are some of the indicators that there may be shoplifters operating within your exchange.

1. General movements:

- a. Aimless walking up and down aisles.
- b. Leaving store and returning in a few minutes.

- c. Walking around exchange with unpaid merchandise.
- d. Handling many articles in a short time.
- e. Dropping articles on floor.
- f. Making rapid purchases.
- g. Strained, nervous look.
- h. Excessive checking of packages.
- i. Examining merchandise in remote corners of store.
- j. Concealing merchandise behind purse or package.
- k. Refusing salesperson's help.
- l. Placing packages, purse, or coat over merchandise.
- m. Left-right glances without moving the head.
- n. Frequent, quick glances up from merchandise.
- o. Studying other customers and salespersons instead of merchandise.
- p. Looking in mirrors to see if they are being observed.
- q. Looking at merchandise which is obviously not the correct size.
- r. Handling a lot of merchandise at different counters.
- s. Placing merchandise in pockets.
- t. Removing, concealing, or destroying price tickets.
- u. Closing hand completely over merchandise.
- v. Holding identical pieces of merchandise for comparison.
- w. Holding merchandise below counter level.
- x. Taking merchandise from counter but returning repeatedly.
- y. Holding merchandise near edge of counter.
- z. Taking merchandise to another counter or a mirror.
- aa. Starting to examine merchandise; leaving counter then returning to it.
- bb. Person at counter; no salesperson present.
- cc. Entering fitting room with merchandise; no salesperson present.
- dd. Entering fitting room with packages.

- ee. Taking two or more of same garment into fitting room.
- ff. Removing hangers before entering room.

All of the foregoing actions should "trigger" something in the mind of a well-trained, alert salesperson. The action may well be that of a normal shopper; on the other hand, it may be a shoplifter at work.

2005. PREVENTIVE MEASURES. No amount of mechanical security devices can take the place of an alert, well-trained, "tuned-in" sales force. Shoplifters need privacy, they are uneasy when a salesclerk approaches or acknowledges their presence by a nod or smile. Following are some methods of minimizing shoplifting losses:

1. Never leave a department unattended. This is the opportunity a shoplifter looks for. Lunch and break periods must be scheduled to assure adequate coverage.
2. A well-known psychological deterrent to shoplifting and one which cannot be overemphasized, is to greet all customers who enter a department. A simple "Good morning, how are you today?" will do. This acknowledges your presence to a potential shoplifter, as well as assisting the patron in purchasing merchandise.
3. Fitting rooms must be supervised and controlled at all times. This is one of the most critical areas of the exchange. Assign a salesperson to check garments in and out of fitting rooms. Signs should state clearly the number of garments permitted in the room. Inspect fitting rooms frequently for signs of shoplifting such as price tickets on floor or empty hangers left in stalls. Have mirrors caulked and carpeting secured to prevent tickets being secreted there. Clear items from fitting room frequently.
4. The showing of expensive items should be limited to two items at a time. Never leave customers alone. Return items to display cases as soon as demonstration or sale is complete.
5. Give prompt attention to teenage or juvenile shoppers.
6. Be observant of patrons who carry merchandise from one end of a counter to another or spend an inordinate amount of time in one department.
7. Give special attention to patrons carrying shopping bags, large purses, or wrapped packages.
8. Merchandise should be neatly arranged on shelves and display fixtures. Disorderly displays invite theft.
9. Paper bags used for packaging sold merchandise should not be stored on top of counters within access of patrons.
10. Check stands at self-service areas should be equipped with a slide bar or chain to close off aisle when cash register is not in use.
11. Salespersons operating cash registers should be alert for hidden merchandise in articles purchased. Cashiers should discretely open luggage and purses and examine for "hideaway" merchandise.

12. Keep displays at minimal heights to eliminate "blind" spots. Shoplifters use these areas to conceal their actions.
13. All packages must be stapled closed with the cash register tape stapled over the top of the bag. Packages too large to bag should have brightly colored pressure sensitive tape or other identifying label affixed to them indicating merchandise has been paid for. This security tape and/or label when not in use will be controlled and kept in locked area inaccessible to customers, and issued when needed.
14. Price-marking equipment and supplies must be carefully controlled. Use different colored printed price tags for price changes and special sales.
15. All merchandise tickets must be machine printed. There should be no handwritten price tags. Handwritten tags are easily duplicated.
16. All cash registers must be locked when not in use, during business hours. When register is in use, cash drawer must be closed promptly after each transaction. Register drawer should be left in the open position after close of business to show there is no cash on hand.
17. Be aware of patrons wearing coats on a warm day, raincoats during fair weather, or conversely no coat or raincoat during cold or inclement weather.
8. Salespersons should not allow themselves to be distracted or become embroiled in arguments or long discussions with patrons. This is a favorite shoplifting "technique."
19. Remove empty hangers from garment racks after completing sale.
20. Cashiers should be encouraged to familiarize themselves with merchandise prices to preclude ticket switching.

2006. PROCEDURES FOR HANDLING SHOPLIFTERS. Shoplifting is a serious offense and extreme caution must be exercised to ensure that patrons are not subjected to false arrest and embarrassment. Use good judgment and be courteous at all times.

1. Persons should never be apprehended for questioning on the mere chance that they may have stolen merchandise. A good rule is "If you didn't see it - it didn't happen."
2. If an employee has witnessed a patron shoplifting and is certain that store merchandise has been hidden on the patron, the employee should:
  - a. Keep the suspect under constant observation.
  - b. Immediately summon, or have another employee summon, the manager or security personnel authorized to detain a shoplifter.
  - c. Inform the appropriate exchange official of observations, the item shoplifted, where it is hidden or held, the location from which it was removed, and any action by the suspect, such as removing a price ticket or changing a marking or price.

d. Make certain that the item was actually exchange merchandise and not in the possession of the patron when entering the exchange.

e. Take further action as directed by the exchange official such as continuing surveillance, return to duty station, etc.

3. The manager or security official authorized to detain a shoplifter should:

a. Be certain the suspect still has possession of the exchange merchandise.

b. It is preferable to wait until suspect has passed the central checkout or last register and exits from exchange. Check local laws to determine if shoplifters may be detained within confines of an exchange. Some States have determined that if merchandise is concealed, it is proof of "intent to steal" and patron may be detained before exiting exchange.

c. Immediately after suspect leaves exchange premises, stop the suspect and identify yourself by name and title. Use a low, modulated voice to avoid embarrassment.

d. No allegations should be made in the presence of other customers or bystanders.

e. Suspects should be invited to accompany exchange official to the manager's office or other area which affords privacy.

f. If the suspect refuses to accompany exchange official, explain that there is a discrepancy that must be resolved in privacy. Upon continued refusal, inform suspect that merchandise for which payment has not been made is believed to be in their possession. No accusation of theft should be made.

g. If the suspect at this point absolutely refuses to cooperate, attempt to make an identification by name tag, description, or auto license number. Do not touch or attempt to forcibly restrain the suspect; allow the suspect to proceed and notify military or security police.

h. If the suspect voluntarily proceeds to the manager's office or other designated private area, walk behind suspect to ensure that the stolen merchandise is not discarded.

i. Inform suspect that merchandise for which proper payment has not been made may be in their possession. Make no outright accusation of theft. A witness must be present during all conversations with the suspect; do not close the door to the office and never be alone with the suspect. If suspect is a female, witness must also be a female.

j. Under no circumstances should the suspect be subjected to search by exchange personnel.

k. Notify the military or security police and advise them of the suspected offense and request assistance.

l. Merchandise involved in an incident of shoplifting will be turned over to a military or security police against receipt. A "custody chain" will be maintained from the moment merchandise is recovered from a suspect. The chain should include as few persons as possible since the chain may have to be reconstructed by court appearance of each person who handled the merchandise.

m. If suspect is accompanied by another person, advise that person that an irregularity may exist and extend the courtesy to use the telephone; make them as comfortable as possible without undue embarrassment.

n. On occasion, shoplifting suspects may feign illness upon apprehension, or at least an urgent need to use the toilet facilities. These instances may be simply a ruse to enable suspect to dispose of the merchandise. If the exchange official loses continuity in the surveillance or control of the merchandise, the complaint of shoplifting may be unsupportable and may also subject the exchange to charges of false arrest or harassment. On the other hand, the confrontation may actually precipitate for the subject, a loss of bladder control or fainting. Life threatening illness such as a heart attack is very rare, but cannot be totally ignored. Exchange officials should not be deterred, but must be prepared for the possibility of a claimed illness or actual emergency. If the suspect expresses an urgent need to use the restroom facilities, insist on the return of the merchandise first, or arrange a close escort. If the symptoms indicate a serious illness, seek medical aid immediately. Suspect should be under close surveillance while medical aid is sought without further endangering the subject's health.

o. The Marine Corps Exchange is not a law enforcement or investigative agency, and no employer may administer a "Miranda" type advisement of rights to a suspect.

p. The responsibility for prosecution of suspected shoplifters rests with the commander. Marine corps Exchange personnel will cooperate fully in any prosecution by providing testimonial and/or documentary evidence.

q. Local, municipal, and State law enforcement authorities should be contacted so that exchanges may fully comply with any local laws concerning apprehension and detention of civilian shoplifters.

r. Local commanders have the authority to permit authorized exchange personnel to perform certain law enforcement-type functions such as detaining and conducting personal searches to recover merchandise, with the voluntary cooperation of the suspect.

4. Employees should constantly be aware and involved in the exchange antitheft program. As an added incentive, a letter of commendation from the exchange officer will tend to boost morale of those exchange employees whose efforts have added to shoplifting and pilferage detection and/or apprehensions. A copy of the letter, in addition to being made a part of the employee's permanent file, should be posted on the bulletin board for all employees to read.



SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 3

INTERNAL THEFT PREVENTION

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	3000	3-3
MANAGEMENT AWARENESS . . . . .	3001	3-3
EMPLOYEE INDOCTRINATION AND TRAINING . . . . .	3002	3-3
METHODS OF PILFERAGE AND PREVENTIVE MEASURES . . .	3003	3-3
EMPLOYEE PURCHASES . . . . .	3004	3-9
EMPLOYEE REFUNDS, EXCHANGES, AND LAYAWAYS . . . . .	3005	3-9
EMPLOYEE PACKAGES, LOCKERS, AND INSPECTIONS . . . .	3006	3-10
DISPLAY DEPARTMENT . . . . .	3007	3-11
		3-1



# SECURITY AND LOSS PREVENTION MANUAL

## CHAPTER 3

### INTERNAL THEFT PREVENTION

3000. GENERAL INFORMATION. It is generally acknowledged that employee theft of merchandise and/or cash constitutes between 65-75 percent of all inventory shrinkage within general merchandise stores in the commercial sector. There is no reason to believe it is any less within the exchange system. In addition to the dollar shrinkage, thefts by employees indirectly contribute to even greater costs associated with investigations, disciplinary actions, separation of trained personnel, additional training, elaborate security measures, diminished morale, and lower efficiency. Pilferage is committed by a wide variety of employees, using any number of differing techniques, and characteristically spreads throughout the work force if allowed to go unchecked.

3001. MANAGEMENT AWARENESS. To control pilferage, management must recognize the fact that while most people are honest, some employees are stealing from the exchange while others may be potential thieves. Realizing this problem is the first step in effective preventive and/or remedial measures. To control pilferage, management must recognize potential problem areas, detect pilferage in its early stages, and strictly enforce preventive measures. Exchange management at all levels must be aware of their responsibilities in the fair and effective use of these measures. Continually disregarding an employee's dishonesty can influence other employees to become involved in similar activity.

3002. EMPLOYEE INDOCTRINATION AND TRAINING. Continued emphasis must be placed on indoctrination and training of new employees. Exchange policies and procedures for employee shopping, cash, and merchandise controls must be stressed during the indoctrination period. This indoctrination training must be followed with frequent refresher training. There must be no question in an employee's mind as to management's concern for safeguarding the exchange's assets.

3003. METHODS OF PILFERAGE AND PREVENTIVE MEASURES

CASH REGISTER OPERATIONSPILFERAGE METHODS

Failure to ring up a sale on the cash register. This is generally accomplished when a customer tenders the exact amount of sale. It is also possible if the clerk is operating with an open register drawer. Clerks may keep mental or written notes on an accumulated "overage" which is removed later.

Underring a sale, but charge the customer the full sell price. This most often occurs during peak traffic periods. The register stub is discarded and not given to the customer. This practice is easier to accomplish when register windows cannot be viewed by the customer

Short ring a sale. A clerk from customer. deliberately fails to ring up one or more items and when completing the sale, informs the customer of the "mistake." The clerk then writes the the customer cash register receipt. sell price of the omitted items on

The intentional overage accumulated customers. in this manner is later removed from the cash drawer.

Overcharge a customer, but ring up the actual price of the merchandise. The overage accumulated is later removed.

PREVENTIVE MEASURES

Perform frequent unannounced spot-checks of each cash register and maintain a log of results. (Immediate investigation of excessive or recurring cash shortages/overages is required.)

Require that cash register drawers be closed after each transaction.

Require management control of each "item correct," "void total," "no sale," or "zero-ring." (zero-rings must be controlled to minimize loss.)

Assure that the cash register transaction window(s) is/are visible to and unabstructed

When replacement registers are needed, careful consideration should be given to those models which have a display screen easily visible to

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Outright theft from a common cash drawer used by more than one employee. (Pinpointing responsibility for the resultant loss is extremely difficult, particularly on single-drawer cash registers.)

Wherever possible, do not permit saleclerks to share cash drawers.

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Theft from another clerk's cash drawer. This is frequently made possible by an employee's failure to lock the register drawer and remove the key when the register is unattended.

Ensure that salesclerks lock their cash drawers and remove keys whenever they leave registers unattended. (To prevent damage in the event of a burglary, cash register drawers will be left open during nonoperational hours.)

## CASH REGISTER OPERATIONS

PILFERAGE METHODSPREVENTIVE MEASURES

Theft from own cash drawer by use of fictitious refund or overring slips. This is made possible by lax control on authority to validate a refund or overring.

Ensure that blank refund vouchers issued to cash register locations are strictly controlled to prevent access by unauthorized personnel.

Permit only the manager or designated supervisor to approve overrings; require approval prior to the customer's departure.

Theft from another clerk's cash drawer by use of a duplicate cash register key; e.g., the A or B drawer key of one register may fit the A or B drawer of another register, or an entry code on an EPOS register may be memorized and used in the operator's absence.

Maintain strict control over spare cash register keys. They must be stored in a secure area accessible only to authorized personnel.

Ensure that employees using EPOS registers are fully aware of the dangers of not keeping their entry codes confidential.

Issue of a sales slip in lieu of cash register receipt for sale of a controlled item thereby intentionally failing to ring up the transaction and pocketing the sales amount.

Maintain strict control over sales books/slips. Ensure that cash register transaction numbers are used on all sales slips.

EPOS registers can be programmed to automatically report missing sales slip numbers on sales for which no sales slip number was entered.

Registers should never be "zeroed" out; cumulative totals should be recorded daily and opening readings subtracted from closing readings; difference is the daily total.

Theft of total receipts rung up on an extra or spare cash register put in use during peak sales periods without authorization or documentation. authorized personnel.

Maintain strict control over spare cash registers. They must be stored in a secure area accessible only to

When a register is moved to storage, transferred or loaned to another activity, a reading will be taken of each drawer for each sales category key. The reading is to be recorded in the permanent controllog by register number and date. The recorded reading will be verified with the opening reading at the time the register is again placed in service.

## CASH REGISTER OPERATIONS

PILFERAGE METHODSPREVENTIVE MEASURES

On transfer or loan of a cash register to another activity, the reading of each sales category key will be annotated on the salesclerk's daily cash report. The receiving installation will verify the readings at the time of receipt prior to placing the register in operation. Discrepancies in readings will be immediately reported to the exchange officer.

Assure that only the exchange officer or designated representative take daily cash register readings of all cash registers. Cashiers should never be permitted to take register readings.

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THEFT OF MERCHANDISE

Theft of merchandise and removal from premises by concealment on person, in handbag or parcel, during lunch/rest break, or at any time the opportunity exists.

Closely monitor the entrance and exit of employees from the facility during operating hours.

Restrict all employees to a single designated entrance/exit, other than through the stockroom.

Require employees to keep personal effects in lockers or other secure areas apart from selling and storage areas.

Theft of clothing, by putting on the garments under work clothing. (This practice is most prevalent when employees are permitted to shop unsupervised, prior to opening hours.) opening) and days off.

Employees should be permitted to shop only at specified times; i.e., lunch and rest before or after shifts (but not before exchange

Theft and immediate consumption of consumable merchandise.

Assure proper supervision of employee's activities in the facility prior to store's opening and after business hours.

Deliberate soiling or damaging of merchandise to obtain markdown for the employee's own or an accomplice's benefit.

THEFT OF MERCHANDISEPILFERAGE METHODSPREVENTIVE MEASURES

Deliberately discarding merchandise in the trash for later retrieval.

Require that all boxes and containers be flattened before they are discarded. (At close of business daily, periodically inspect trash-disposal areas for concealed merchandise.)

Ensure adequate supervisory control over custodial and/or maintenance personnel.

Bagging merchandise and having it removed from the premises by another employee, relative, or customer accomplice. (Frequently discarded cash registers receipts from bona fide sales transactions are stapled to bags containing stolen merchandise of equivalent value.)

Customers, particularly relatives or friends of employees, must not be permitted in retail facilities, prior to opening and/or after the close of business. In addition, cashiers/checkers must not check out purchases for their relatives in any branch staffed by two or more employees.

Paying lesser amount than actual sales price for merchandise when permitted to ring up sales for themselves, relatives, or close friends.

Discourage employee's friends and relatives from loitering in the facility during employees' duty hours.

Avoid assigning relatives/close friends to closely related positions.

In collusion with employees of other departments, undercharging each other for purchases. (This practice occurs more often when employee purchases are not properly controlled.)

See paragraph 3004, on employee purchases.

In collusion with customers or other employees, not charging for or undercharging for purchases and later sharing the profit. (Often the pilfered merchandise is later returned for a full cash refund.)

Putting false sales tickets on merchandise to reflect lower prices.

Assure strict control of directed price changes. (Ensure that pricing and pricemaking procedures are frequently checked by management.)

Restrict authority for controllable markdowns to responsible management personnel.

THEFT OF MERCHANDISEPILFERAGE METHODS

Hiding merchandise in backup stock areas, restrooms, corridors, trash containers, or under counters for later theft.

PREVENTIVE MEASURES

Conduct periodic premises checks for concealed merchandise. Ensure that access to stockroom/security rooms/cashier cages/control led areas is restricted to persons whose official duties require their presence in the areas.

Where possible, prohibit the parking of employee vehicles near side or rear doors of the facility.

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In collusion with warehouse personnel, signing for more merchandise than actually received and splitting the profit or diverting the merchandise.

Assure that only responsible personnel count incoming and outgoing shipments, and that shipments are reconciled to shipping documents.

The collusion with vendors or carriers, signing for more merchandise than actually received in exchange for a gratuity.

Assure that all incoming merchandise is promptly and properly posted to the receiving log.

Stealing merchandise received without invoice or shipping documents.

Frequently check open-order and direct-delivery shipments to assure accuracy.

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3004. EMPLOYEE PURCHASES. Purchases made by employees of the exchange must be rigidly controlled. Printed rules and regulations regarding employee purchases should be posted and given to each employee. Following are basic guidelines which will help control abuse of employee shopping privileges:

1. Employees will not ring up or compute their own purchases.
2. Cash register receipts, as in the case of all other customer transactions, must be affixed to the packages.
3. Purchases must be paid for at time of sale, except for an authorized layaway transaction.
4. After sale is completed, employee will take purchase directly to designated storage area where it will remain until claimed at the end of employee's shift. Employees who are leaving activity after completing their purchase may take their purchase with them.
5. Employees will not set aside merchandise for later purchase nor ask any other employee to do so. This also applies to customer requests for such unauthorized holds.
6. No employee may buy "as-is" or contemplated markdown merchandise until that merchandise has been officially marked down in price and offered for sale to exchange patrons for at least 1 full day.
7. No employee or manager may markdown merchandise as a "favor" to another employee or customer.
8. All employee packages must be subjected to inspection at any-time by the exchange officer or designated representative.
9. Employees may not be permitted to do personal shopping before facility is open or after close of business. Purchasing by employees will be restricted to authorized "breaks." Shopping during off-duty times will be accomplished in conformance with established rules and regulations.

3005. EMPLOYEE REFUNDS, EXCHANGES, AND LAYAWAYS. Employees are entitled to refunds and exchanges just as every customer of the exchange. These transactions, however, must be carefully monitored. A record of an employee's refund will be retained in the activity and reconciled against the original sales slip.

1. No employee shall prepare their own refund. Refunds will be prepared in the department by a salesclerk, or at the central refund desk, and authorized by designated supervisor who will inspect sales receipts and merchandise being returned.
2. No employee shall effect their own exchange of merchandise. A refund will be obtained at the central refund desk, and approved by the activity manager. Employee may then purchase other merchandise within the exchange which will be handled as a new purchase.

3. Employee layaway purchases must be approved by the activity manager or representative at the time of the final payment. In lieu of cash register validation on the sales slip, layaway ticket number will be written on the employee's sales slip. Contents of the layaway will be checked against a layaway ticket at the time of final payment and pickup.

3006. EMPLOYEE PACKAGES, LOCKERS, AND INSPECTIONS. Printed rules should be conspicuously posted and given to each employee regarding packages, lunch boxes, and purses brought into an exchange. These printed regulations should include the notice that lockers, purses, and packages will be subject to inspection.

1. Employee packages brought into the exchange, with the exception of lunch bags or purses, should be checked at the same area where employee purchases are kept. A claim check system should be used, with one portion of the check affixed to the package and the other retained by employee to redeem parcel upon leaving premises.

2. Personal belongings of employees such as handbags, purses, or clothing should not be permitted on the sales floor or in warehouse areas. Lockers with keys or combination locks should be provided for employees. Keys and/or combinations should be issued by the exchange officer or designated representative. Keys must be returned upon termination of employment.

3. Exchange activity managers have the authority to conduct inspection of parcels, packages, or other objects carried into or out of the exchange activity by employees. This authority extends to the search and inspection of employee lockers within the activity, in the presence of the employee and another witness. This authority is restricted to the following conditions:

a. Inspections will be conducted at designated times and specific locations within the activity to avoid undue embarrassment to employees.

b. Inspections will be strictly impartial and nonselective, and will apply to all personnel of the activity regardless of grade or nature of duties.

c. Employees will be advised in advance, in print, that periodic unannounced inspections of employee parcels, packages, and hand-carried objects will be conducted and that the purpose of the inspection is part of the loss prevention program.

d. Inspections will be conducted only by the exchange officer, activity manager, assistant manager, security personnel, or military law enforcement personnel, and will be witnessed by a third party.

e. The inspection will be limited to parcels, packages, handbags, briefcases, and other hand-carried objects. Searches of clothing worn next to the body will be made only by authorized law enforcement personnel for just cause.

f. Employee locker inspections will be performed only in the presence of the employees assigned the locker being inspected.

Commanders of oversea exchanges may modify the aforementioned procedures as needed to meet local requirements for increased security, provided the modifications are in accordance with local laws and customs and comply with the prevailing military policy rules and regulations.

3007. DISPLAY DEPARTMENT. Exchange officers, department managers, and display personnel must be impressed with the fact that merchandise used for display purposes represents cash value.

1. Each department should have a loan book. If merchandise is to be used for display in windows or outside of the actual department, merchandise should be signed for by display department and checked back in when merchandise is returned.
2. Merchandise used for display is often never returned. This loss can be prevented by putting the responsibility on the borrower (display) and the lender (department). Loan books can alleviate this problem.
3. Floor displays should not be placed where a shoplifter or employee can take all or part of the item when exiting the premises. Small pieces of jewelry should not be used on displays in noncontrolled areas.
4. Internal security or operations personnel should spot check to ensure loan books are being used properly.
5. Cosmetics, drugs, and certain fabrics can be damaged by heat, display lights, or sunlight in display windows. If this happens with any frequency, steps must be taken to prevent this loss. Perhaps merchandise is being left on display too long. Perishable items must be protected from damage through display.
6. Display material is expensive. Ensure that display personnel are not tempted to decorate their own home with exchange merchandise or material. The display manager and personnel must be aware of management concern.
7. Mannequins and display fixtures must be safeguarded against breakage and loss. Replacement parts are generally available for these items. It is much less expensive than replacing the entire fixture.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 4

PHYSICAL SECURITY

	<u>PARAGRAPH</u>	<u>PAGE</u>
MERCHANDISE SECURITY DEVICES	4000	4-3
SURVEILLANCE DEVICES	4001	4-4
SECURITY COMMUNICATIONS	4002	4-4
ANTI-SHOPLIFTING SIGNS	4003	4-5
		4-1



## CHAPTER 4

## PHYSICAL SECURITY

4000. MERCHANDISE SECURITY DEVICES. During the past decade there has been a proliferation of anti-shoplifting devices which have been made available. These devices, most of which are attached directly to the merchandise, take myriad shapes and forms. There are simple chains with locks and large rings that are run through the sleeve of hanging garments; cables that tie down handbags and other small items to display fixtures, and specially constructed fixtures themselves in which a built-in locking device allows the merchandise to be securely affixed. There are also sophisticated plastic tags which are attached to the merchandise and which trigger an audible alarm when a customer attempts to leave a designated area. The pros and cons of each type of device follows:

1. Tie-Down Devices (Chains, Cables, and Locking Fixtures)

a. Advantages. Effective in that they preclude shoplifter from easily taking merchandise from rack.

b. Disadvantages. Labor intensive. Departments with merchandise which utilize these devices must be staffed at all times, or at the very least, a salesclerk with keys must be nearby to unlock the security devices, remain with customer while trying on or examining the item, and resecuring the merchandise. This may have adverse psychological effect on customers. Customers get the impression that they are not trusted. A customer "turn-off."

2. Electronic Tags (Sensormatic, Knogo, etc.)

a. Advantages. Can be effective in detecting shoplifters. Not expensive to purchase; tags are reusable. May be advantageous when used in special high risk areas and on specific merchandise.

b. Disadvantages. Labor intensive. Tags must be affixed to merchandise very carefully to prevent damage to merchandise. Tags must be removed with special devices at the cash desk. People must be trained to deal with potentially embarrassing situations in which alarm sounds because customer has actually shoplifted merchandise or cashier was negligent in removing electronic tag.

3. Alternate Devices and Methods

a. Plastic Cable Ties. These simple, inexpensive ties can be used to tie down the hangers only, on hanging ready-to-wear merchandise. The cable tie is wrapped around a metal hanger hook and fastened to fixture. The customer may take garment off to try on or examine merchandise; prevents grabbing a number of garments at one time and exiting the exchange. If the garment is sold, the tie must be removed by using cutting pliers.

b. Hanger Reversal. By reversing every other hanger hook on a rack, the shoplifter can be prevented from grabbing a number of garments at one time and exiting exchange. Salesclerks must be trained to continually pay attention to stock, keeping hangers alternately reversed.

Exchange officers may make determination whether to employ these security devices within their exchanges, keeping in mind the cost effectiveness of the program in relation to the shrinkage or security problems peculiar to the exchange. Exchange officers must determine also whether these security devices are counterproductive to the exchange, in terms of good business practice and the goodwill of its patrons.

4001. SURVEILLANCE DEVICES

1. Judicious location and proper use of two-way mirrors and observation platforms can serve as both a deterrent to internal theft and as an aid in shoplifting detection. Surveys have shown that amateur shoplifters, especially teenagers, fear observation booths more than any other anti-shoplifting device. These booths have an additional cost-effective advantage. They are relatively inexpensive to install, and need not be constantly manned to act as a deterrent to shoplifters. When the booths are manned, at least two security persons are required to form an effective communications link between the observer and the activity floor.

2. Surveillance devices which may be installed at minimum expense include two-way mirrors, one-way glass, convex mirrors, and peepholes.

3. Closed circuit television (CCTV) camera systems are relatively expensive to install and maintain since the system must be constantly monitored for maximum efficiency. The most judicious use of this system is when it is employed to monitor employee activities in areas such as warehouses, loading docks, and cash offices. An unmanned CCTV system may also act as a deterrent. Dummy cameras can be effective as anti-shoplifting devices provided the shell of a genuine camera is used. These devices hold no terror for professional thieves but can provide excellent protection from amateurs.

4. The decision to install surveillance devices will be the responsibility of the exchange officer, bearing in mind the cost effectiveness of the surveillance program.

4002. SECURITY COMMUNICATIONS. To provide effective security surveillance of exchanges, warehouses, and stockroom areas, and the employment of surveillance devices described in the preceding paragraphs, consideration must be given to communications capabilities between security personnel and exchange management. Basically, there are three methods of security communication which are adaptable to exchange requirements. Selection of equipment should be a management decision, based on the type of surveillance devices, if any, in use.

1. Signals. Signal lights are located at strategic points within an exchange for use in requesting assistance of security personnel. Advantage of this system is simplicity and minimal costs. The main disadvantage is that signals may become known to shoplifters, causing them to avoid apprehension by discarding merchandise.

2. Telephone Intercom. Basic extensions of existing telephone system are installed at remote observation points that are used for surveillance. The system offers direct communication between observation point and security or exchange management on sales floor. Main disadvantage is that security/exchange management must normally be paged phonically over exchange public address system. Paging should be coded to avoid alerting suspects. Installation cost is usually minimal. Periodic dummy security announcement over the public address system will act as a deterrent and serve notice to potential shoplifters that there is a security force on the premises. Example:  
"Security please report to area b."

3. Two-Way Radios. Effective for both pilferage and shoplifter control. Mobility of these devices makes them most effective in stockrooms, warehouses, and other open areas. Major disadvantage is that the obvious use of two-way radios becomes detrimental to the effectiveness if security officers are posing as customers while maintaining surveillance. Other considerations include static, interference, restrictions created by terrain, and building configuration. This device may require fee licensing as low output radios usually are not very effective for security purposes. Costs vary, but generally will be acceptable.

4003. ANTI-SHOPLIFTING SIGNS. In case of severe problems, posting anti-shoplifting signs may be appropriate. Size should be no larger than 7 inches by 11 inches and contain no threatening or offensive wording. Suggested wording may be as follows:

#### SHOPLIFTING

- means higher prices for the honest customer
- is a criminal offense and violators  
will be subject to prosecution



SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 5

FACILITY SECURITY

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION	5000	5-3
ACCESSIBLE OPENINGS	5001	5-3
PROTECTIVE LIGHTING	5002	5-4
OPENING AND CLOSING PROCEDURES	5003	5-4
CASHIER CAGES	5004	5-5
DISPLAY COUNTERS	5005	5-5
EMERGENCY NOTIFICATION DECALS	5006	5-5



CHAPTER 5

FACILITY SECURITY

5000. GENERAL INFORMATION. Security standards prescribed in this chapter are primarily directed toward the prevention of losses resulting from forced or illegal entry or exit. It is not feasible or necessary to provide all activities with the same degree of protection required for main retail stores or warehouses. Some activities will require more security attention than others depending on location, structural integrity of the building housing the facility, value of exchange assets involved, and periods of time the facility is unmanned or unguarded.

1. The exchange officer is encouraged to solicit the support of the base security section to have exchange activities included in the regularly established guard patrols.
2. Alarm systems, including duress alarms, other than those tested daily upon closing a facility, will be tested at least weekly by exchange management. Test procedures will be coordinated with the military/security police. A record of these tests should be kept in the activity files for 1 year. If for any reason an alarm system is inoperable, and cannot be repaired before activity is secured, base security will be notified by telephone, and, if deemed necessary by the exchange officer, security will be provided in that activity until such time as the alarm can be repaired.
3. Modern shopping centers and facilities with a large area of glass doors and windows will have adequate locking devices on doors and windows and should be provided with intrusion-detection alarm systems. An alarm system is designed to detect, not prevent, and should be used in addition to, not as a substitute for, normal security measures.

5001. ACCESSIBLE OPENINGS. Accessible openings are those doors, windows, skylights, vents, transoms, or any opening that may be reached by a reasonably agile person. All accessible openings must be protected by adequate locking and security devices. Locking devices may be deadbolt locks, heavy duty hasps and pad locks, crossbars, or a combination thereof.

1. Where a door is a designated fire exit, panic bars or an emergency exit device shall be installed in addition to locks described in paragraph 5001, preceding.
2. To discourage unauthorized use of fire exit doors during operational hours, a day alarm system must be provided that will automatically activate an audible alarm when door is opened. Signs must be posted on fire doors indicating that it is an emergency exit only and warning of alarm.
3. The activity manager or authorized representative will ensure that locking devices, other than panic bars, are unlocked when building is occupied.
4. Any solid external door designated for employee entrance or exit and/or trash disposal should be equipped with a security glass view panel, or with a peephole to enable employees to identify person(s) outside prior to opening door.

5002. PROTECTIVE LIGHTING. The requirements for interior lighting will depend on the physical construction of the activity. Sufficient lights will be left on during non-occupancy to enable military/security persons to observe area from outside the building. Exterior lighting should provide a reasonable degree of illumination during hours of darkness at those areas most vulnerable to illegal entry or vandalism. Lights should be protected by screen coverings and activated by timing devices whenever practical. Burned out lights will be replaced immediately. Switches or controls for exterior lights will be installed so as to be inaccessible to unauthorized persons.

5003. OPENING AND CLOSING PROCEDURES. When an activity is opened, an inspection will be immediately conducted to include, but not be restricted to:

Safes	Doors
Security Rooms	Windows
Stockrooms	Merchandise

If any irregularities are noted or if there is any evidence of burglary or attempted burglary, the military/security police will be notified immediately. Nothing should be touched or disturbed until the investigating police have completed their preliminary investigation.

1. Where staffing permits, the opening and closing of an activity will be accomplished by the ranking supervisor and another designated employee.
2. At the close of each business day, the ranking supervisor and/or authorized representative will make a preclosing inspection of the premises. The inspection will assure that all safes, doors, windows, etc., have been secured and that no person is hidden in bathrooms, stockrooms, warehouse, or any area of the exchange. The supervisor will set alarms and exit the premises.
3. Those persons designated as security officers or other designated personnel will make periodic checks to ensure that all areas of access are properly secured, all alarm systems are operable, and opening and closing procedures are being complied with.
4. If the alarm cannot be activated at the conclusion of business, security and exchange personnel will notify the alarm company who will attempt to correct the problem. Exchange officials should be alert to the possibility that the alarm system has been deliberately tampered with to prevent activation. Under no circumstances should an activity be secured until the alarm system is operable. If it is impossible to activate the alarm, consideration must be given to stationing a guard within the activity until the alarm is repaired. Under these circumstances, military police authorities should be advised of the inoperable alarm and of the security personnel within the activity.
5. Alarm systems should be tested periodically, but no less than monthly, to ensure that the proper alarm signals are being received for the correct activity, by the military police, and/or central alarm station. A log should be kept of these tests.

5004. CASHIER CAGES. Cashier cages, booths, and other areas where large sums of cash and checks are kept must be adequately enclosed, including floors and ceilings. Doors will be provided with automatic inside-locking devices and kept locked at all times. Solid doors to cashier cages will be provided with a view panel glazed with security glass or with peepholes to enable cashiers to identify persons desiring entry. All safes must be kept locked at all times.

1. Cashier cages in facilities not equipped with a vault should be arranged so that safes and cashier are visible to the public to avoid concealment of possible holdup or burglary. Unless already provided with security screens or bars, windows will be constructed of security glass. The service opening through which business is transacted must be kept to a minimum size.

2. Access to cashier cages will be limited to those persons assigned to work in the cage. Janitorial or other personnel requiring periodic access to the cashier cage will be accompanied at all times by a supervisor or designee. Signs will be affixed to entry doors prohibiting entrance by unauthorized personnel.

3. Cash register funds will be kept in individual securable containers, i.e., lockable register trays or lockable zipper-secured canvas money-bags. Each bag will be clearly marked with the applicable register number.

4. Prior to opening, and at the close of business daily when cashiers and other designated personnel are engaged in disbursing, collecting, and consolidating cash receipts and change funds, all external doors except employees' entrance/exit and activity doors in use for trash disposal will be closed and locked. Those two doors will be carefully controlled to preclude access to the facility by unauthorized personnel. Only authorized exchange and security personnel will be permitted in the facility. Those authorized personnel desiring access to the facility during these periods will be positively identified before a door is unlocked and opened to permit their entrance.

5. Positive identification of persons unknown to exchange personnel will be accomplished before allowing those persons in areas not open to the public. Unauthorized personnel (friends, relatives, etc. ). will not, at any time, be authorized access to any area of the exchange not open to the public.

5005. DISPLAY COUNTERS. Glass tops of display counters, where jewelry items are displayed will be firmly fastened to prevent lifting or removal. Sliding doors will be kept locked at all times when not under surveillance of a salesperson.

5006. EMERGENCY NOTIFICATION DECALS. An emergency notification decal will be affixed to the front entrance of all facilities. The decal will contain the telephone number of the appropriate military/security police officer. The military/security police will, in turn, notify exchange officials as appropriate.

1. The name and telephone number of responsible facility management will be made a matter of record at the appropriate military/security police office. If there is a change in facility management, the change will be made at the military/security police office.

2. Exchange management will not report directly to a closed facility to resolve an emergency. Management will report to the notifying military/security police station and proceed to the scene with police officials.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 6

COUNTERFEIT MONEY

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION	6000	6-3
DETECTION OF COUNTERFEIT BILLS	6001	6-4
		6-1





## CHAPTER 6

## COUNTERFEIT MONEY

6000. GENERAL INFORMATION. Cashiers and other personnel who handle cash should be trained in the detection of counterfeit money because the holder of bogus money is the one who takes the loss. Also, it is the civic duty of all citizens to do everything possible to stop the printing and passing of counterfeit tender.

1. Cashiers and salesclerks should always be alert to the possibility that someone, sometime, may attempt to pass "bad" money. A common method is to alter real money by increasing apparent value. Bad money passers sometimes split bills of large denomination into two pieces, and then paste the halves on genuine one dollar bills. These bills are then presented during a busy time with the larger denomination side up. Sometimes a larger denomination bill is cut in half and the halves are pasted on one half of a genuine one dollar bill which is then folded to show only the large denomination. To guard against such swindles, paper money must be unfolded by "cashier and larger bills scrutinized carefully. Another method of counterfeiting is to cut off the corners of large bills diagonally, showing only the numbered valuation, and pasting these corners carefully over genuine one dollar bills. To counteract this tactic, all personnel should be aware of whose picture is on each bill denomination.

2. By comparing a counterfeit bill with a genuine bill of the same type and denomination, several distinguishing differences may be detected. These differences are summarized below:

	<u>Genuine</u>	<u>Counterfeit</u>
<u>Portrait</u>	Stands out sharp and clear from oval background, facial features appear lifelike	Dull, smudgy, indistinct, or unnaturally white
	Background is a fine screen of fine links	Oval background is too dark; lines irregular and broken, with portrait merging into the background. Fuzziness
<u>Seals</u>	Sawtooth points sharp, even, and regular	Sawtooth points uneven, irregular, and broken off
<u>Serial Numbers</u>	Letters and numerals sharp, firmly and evenly printed, well spaced	Figures poorly printed, uneven, and badly spaced
<u>Paper</u>	Scattered small, thin, red and blue silk threads, silk threads not noticeable on worn or badly soiled bills	No silk threads; threads may be imitated by very small thin red and blue ink lines; easily seen if examined closely

It is impossible to determine if a bill is genuine or counterfeit by rubbing it on a piece of paper. Ink can be rubbed from counterfeit bills as well as good ones.

6001. DETECTION OF COUNTERFEIT BILLS. One of the easiest-methods of detection of counterfeit bills is by "feel." Bank tellers use this method and can often detect bad bills while counting stacks of money. Since genuine bill paper is not paper at all but 100 percent rag content, it has a distinctly different texture than paper, often used by counterfeiters. Cashiers should be aware of how a genuine bill feels compared to paper. Since counterfeit bills passed by a counterfeiter are usually printed from the same engraving plate, all serial numbers from the same denominations will be the same. A quick check if more than one bill of the same denomination is offered, will reveal if the serial numbers are the same. Additional guidance may be obtained by contacting the U.S. Secret Service, local banks, or the U.S. Government Printing Office. Some banks may have samples of actual counterfeit bills to use during training sessions.

1. Counterfeit coins can be detected by dropping them on the cash register change plate. Authentic coins ring clearly; counterfeits sound dull. Counterfeit coins usually feel greasy, and the corrugated ridges around its edges may be uneven.

2. On detection of counterfeit money, the following action will be taken.

- a. The currency will not be returned to the passer.
- b. Attempt to delay the passer.
- c. Call the store manager or nearest exchange official.
- d. Avoid an argument; inform the passer that the store manager will handle the matter.
- e. If the passer leaves, note description (height, weight, color of hair, color of eyes, complexion, clothing, nametag, scars, or distinguishing characteristics).
- f. Note description of car, if any.
- g. Management will notify local military law enforcement agency or field office of U.S. Secret Service.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 7

NEGOTIABLE INSTRUMENTS

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION	7000	7-3
CHECK CASHING	7001	7-4
EXCHANGE CHECKS	7002	7-4
DISHONORED CHECKS	7003	7-4
CHECK CASHING PRIVILEGES	7004	7-4

FIGURE

7-1	INFORMATION TO BE PLACED ON THE REVERSE SIDE OF PERSONAL CHECK . . . . .	7-5
		7-1



# SECURITY AND LOSS PREVENTION MANUAL

## CHAPTER 7

### NEGOTIABLE INSTRUMENTS

7000. GENERAL INFORMATION. Only personnel authorized by the exchange officer may approve checks for cashing. Those so authorized must be careful, but not suspicious, in the process. Most checks are good and should be accepted in good faith. The patron who presents a check should be treated with the same courtesy as the patron who tenders cash. When a check is presented, it should be examined carefully to ascertain that:

1. It is written in ink or with indelible pencil and that there are no erasures or alterations on it.
2. It carries a current date (not over 30 days old). Postdated checks, those bearing a date later than that upon which the check is presented, shall not be accepted; aged checks, those over 90 days old, shall be accepted only when specifically authorized by the exchange officer.
3. The name of the person to whom the check-is made is legible and that the check is properly endorsed. When a check is made out to cash, it shall bear an endorsement by the person for whom cashed.
4. If a check is presented by anyone other than the originator, it is endorsed on the back with the name of the person presenting it. The last person endorsing the check guarantees payment. Although a check which has been signed by the endorser only is valid, it is not as safe as a check endorsed with the words "Pay to (Name of Exchange)" and then signed by the endorser. Any check containing a restrictive-endorsement or endorsed "for deposit only" should not be accepted. When the endorser's name is misspelled on the face of the check, the endorser must sign the endorsement in the same manner and then correctly sign beneath.
5. The figures indicating the amount of the check correspond with the written amount. When a difference goes unnoticed, the bank will pay the written amount.
6. The check bears a signature and that signature is legible; or, when the signature is not legible, that the persons name is printed on the check.
7. Persons presenting checks will be identified as authorized patrons prior to receiving cash or merchandise. To simplify compliance and to ensure uniformity in the treatment of patrons, all exchanges shall provide a rubber stamp which shall bear the following information to be placed on the reverse side of personal checks; and it shall be completed by the patron prior to receiving cash-or merchandise.  
(NOTE: Information preprinted on the face of the check need not be repeated on the reverse side.) (see figure 7-1.) The Privacy Act of 1974 and the current edition of MCO P5211.2 require that when an individual is asked to disclose their Social Security Number, they must be informed:

- a. Whether such disclosure is mandatory or voluntary.  
(Mandatory.)
- b. Under what authority is the number being solicited. (5 U.S.C. 301; and Executive Order 9397 of 22 Nov. 1943.)
- c. What uses will be made of it. (Identification in the event of nonpayment.)

7001. **CHECK CASHING.** Only the following checks may be cashed for authorized patrons:

1. Government checks may be cashed for personnel upon proper identification.
2. Checks including certified checks, cashier checks, State checks, insurance company checks, traveler's checks, express money orders, and the checks of business establishments may be cashed regardless of the amount.
3. Personal checks may be cashed in amounts not exceeding \$100 for one person in any 1 day. Discriminatory ceilings below \$100, varying with pay grade, are prohibited. Personal checks in the exact amount of a purchase may be received in any amount any time. The commander or delegated representative thereof may grant specific approval for cashing personal checks for more than \$100 in individual cases.
4. Except under unusual circumstances, as prescribed by the commander, second-party personal checks shall not be cashed. In each case, second-party checks shall be approved by the exchange officer or delegated representative thereof for a patron to purchase a cashier's check or, postal money order.

7002. **EXCHANGE CHECKS.** When a bank or post office is not conveniently available for patrons to purchase bank checks or postal money orders, an exchange check may be issued to authorized patrons in exchange for cash. These checks may be made payable to an individual, retailer, bank, insurance or utility company, etc.; but may not be made payable to a manufacturer, distributor, or wholesaler.

7003. **DISHONORED CHECKS.** When a check is dishonored and returned by a bank for any reason, an appropriate entry shall be made immediately to the account of the individual or firm concerned. Appropriate bank charges will be passed onto the drawer or responsible endorser. In addition, a service charge of \$10 will be collected from the patron for each check returned by the bank to the exchange; this service charge will not be levied against the patron if it is determined that the check was returned because of a bank error.

7004. **CHECK CASHING PRIVILEGES.** The abuse of check cashing privileges by military personnel not redeeming dishonored checks, or by frequent passing of bad checks, will be dealt with by local commanders. Military dependents or other authorized patrons may have their exchange privileges suspended for abuse of check cashing privileges. (Refer to MCO P1750.6E, par, 5003.2b.) Specific information is required to be recorded on the reverse side of all personal checks prior to acceptance. Figure 7 - 1 applies.

PLEASE PRINT CLEARLY

Active Duty	Lines 1-5
Dependents or Retired	Lines 1-8
Other	Lines 6-9
1. Name of Sponsor _____	
2. Social Security Number _____	
3. Grade/Rate _____	
4. Organization _____	
5. Duty Phone _____	
6. Name _____	
7. Home Address _____	
8. Home Phone _____	
9. I.D. No. _____	
Approved by: _____	

2 5/8" 6/16" Spaces 3/16" 2 5/8"

Figure 7-1.--Information To Be Placed on the Reverse Side of a Personal Check.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 8

INTERNAL CASH CONTROL PROCEDURES

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	8000	8-3
TRANSPORTING FUNDS . . . . .	8001	8-3
CASH COURIERS . . . . .	8002	8-3
		8-1





# SECURITY AND LOSS PREVENTION MANUAL

## CHAPTER 8

### INTERNAL CASH CONTROL PROCEDURES

8000. GENERAL INFORMATION. The exchange officer or designee will establish written procedures for handling and safeguarding cash instruments and ensure familiarity with those procedures by all employees. Included in the written instructions will be procedures for reducing cash on hand to a minimum and the control of alarm-system keys.

8001. TRANSPORTING FUNDS. The transporting of funds to or from a banking facility will be accomplished by at least two employees. Where possible, transporting of funds will be accomplished during daylight hours to avoid unnecessary exposure of funds and exchange personnel during hours of darkness. At no time will a cash courier vehicle containing cash and/or negotiable instruments be left unattended unless equipped with a tamper alarm system. In case of breakdown, the couriers will remain with the vehicle until the cash and/or negotiable instruments have been adequately Safeguarded. All cash courier vehicles should be equipped with two-way citizens band (CB) radios of sufficient sensitivity and selectivity to reach all outlying activities where courier collects cash. These CB's may be used to report locations, times of arrival, and departure from activities and in cases of emergency to alert military/security police.

8001. CASH COURIERS. A receipt, in duplicate, will be made out and signed by cash courier and activity manager, for the correct number of cash bags Picked up at each activity. One receipt will be retained by the activity manager and one copy turned into the main cash office with the cash bags. Activity managers will positively identify all cash couriers and lock cash bags before relinquishing possession. Couriers will maintain a log of each bag by number and activity.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 9

PROCEDURES FOR ROBBERY PREVENTION

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	9000	9-3
ROBBERY PREVENTION PROCEDURES . . . . .	9001	9-3



# SECURITY AND LOSS PREVENTION MANUAL

## CHAPTER 9

### PROCEDURES FOR ROBBERY PREVENTION

9000. GENERAL INFORMATION. Two persons will open and close the facility where staffing permits. External doors will be kept closed and locked until facility is opened for business or other operational purposes.

1. An employee will be assigned to monitor the employee entrance/exit door.
2. Doors used for trash removal will be provided with peepholes. Precautions will be taken to prevent access by unauthorized personnel while doors are in use.
3. Only authorized exchange and security personnel will be permitted in the facility during critical periods at opening' and closing times.
4. Where there are separate safe and intrusion alarm systems installed, the safe alarm will be kept energized until it becomes essential to open the safe.
5. Request increased security/military police patron assistance during preopening and postclosing hours.
6. Keep cash-on-hand to the minimum amount required for efficient operation.

9001. ROBBERY PREVENTION PROCEDURES. Ensure that all employees are familiar with the standard operating procedures (SOP's) to be followed, in case of a robbery. A copy must be posted in the cashier's cage so as not to be seen by the public, and on the bulletin board. The SOP should provide instructions to:

1. Alert responsible exchange officials.
2. As soon as possible, write down all details about the robbery.
3. Obtain or have exchange official obtain names, addresses, etc., of all witnesses and give information to military/security police.
4. Comply with instructions of investigating authority concerning the incident.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 10

KEYS AND LOCKS

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	10000	10-3
KEYS . . . . .	10001	10-3
LOCKS . . . . .	10002	10-3
		10-1



# SECURITY AND LOSS PREVENTION MANUAL

## CHAPTER 10

### KEYS AND LOCKS

10000. GENERAL INFORMATION. Individual responsibility and adequate security can be maintained only if keys to exchange spaces are properly safeguarded and if access to such spaces are carefully controlled. All spaces shall be secured by either a tumbler lock, possible only by its own original and duplicate keys; and/or a padlock of 1 1/2 inches in size or larger, passable only by its original or duplicate keys. Locks with interchangeable cores may be utilized providing adequate receipts and key responsibility are established.

10001. KEYS. The person in charge of each space shall be assigned custody of the original keys to the space and shall be responsible for opening and securing that space. Keys will be issued on receipt bearing the notation "Any loss or compromise of the keys will be immediately reported to the exchange officer. It is prohibited for the holder to have duplicate keys made." This receipt, together with duplicate keys shall be kept in the safe under the direct control of the exchange officer, in a sealed envelope. This envelope shall be signed across the flap by both the exchange officer or designee and the responsible employee. The duplicate key may be kept in a locked key cabinet when the key thereto is maintained in the safe of the exchange of the exchange officer or designee. The use of the duplicate key shall be restricted to cases of emergency, and then only by the exchange officer or designee, in the presence of at least one witness.

10002. LOCKS. Locks shall be changed immediately whenever the custodian of a space is relieved, or when the keys are lost or compromised. Breaking of the envelope seal or use of the key by other than the accountable individual will be considered a compromise of security. Locks to spaces may also be changed upon relief of the exchange officer, if so desired by the relieving officer.



SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 11

SAFES

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	11000	11-3
		11-1



CHAPTER 11

SAFES

11000. GENERAL INFORMATION

1. An approved burglar, tool, torch, and fire-resistant safe which meets the standards of the Safe Manufacturing National Association (SMNA) shall be provided for the use of each person responsible for exchange funds. Exceptions will be cashiers and salesclerks who have custody of the funds only for daily working purposes. Safes shall be of adequate size and weight, and be properly secured by encasing in concrete or steel strapped to floor or wall supports, when practicable. Safes should be protected by an alarm system connected to the base police station, or, if off post, to a central station capable of providing armed response. Where possible, safes will be keyed separately from the building alarm system to prevent safe alarm from being deactivated when building alarm is turned off at the time management enters the building.
2. Safes shall be located in a properly secured area which should be illuminated at night and, where possible, visible to security patrols for checking when activity is secured.
3. Safes should never be left in day-lock position with dial turned slightly off last combination letter for convenience. Unless opened for withdrawals or deposits therein, safes will be fully locked at all times with combination dial spun at least three full revolutions.
4. When a safe is being opened, the dial will be shielded to prevent compromise of the combination.
5. At the discretion of the exchange officer, exchange-owned vehicles which frequently transport large amounts of cash instruments, may have courier safes installed within such vehicles. A courier safe is one in which cash bags may be dropped but not retrieved by the cash courier. The courier safe may be opened by the head cashier only when the courier vehicle returns to the main cashier's office. Courier safes will be of approved type, fastened to vehicle frame with carriage bolts installed with the retaining nuts on the interior of the safe to preclude removal from the exterior. Printed signs reading "The courier does not possess keys/combination to this container" shall be affixed to the door of the safe by tape or magnet, to deter robbery.
6. The combination of a safe under the direct control of the exchange officer shall be known only by that individual. The combination shall be recorded, placed in an envelope, securely sealed in such manner that it cannot be opened without mutilating the envelope or seal, and delivered to the commander. The commander shall issue a receipt for the envelope, which shall be retained in the safe concerned. The safe shall be opened by the commander or designated representative only in case of emergency, and then in the presence of at least one witness.
7. The combination of a safe not under the direct control of the exchange officer shall be known only by the person or persons responsible for the safe. The combination shall be recorded, placed in an envelope, securely sealed in such manner that it cannot be opened without mutilating the envelope or seal, and delivered to the exchange officer. The exchange officer shall give a receipt for the envelope, which shall be retained in the safe concerned. The safe shall be opened by the exchange officer only in case of emergency, and

then in the presence of at least one witness. Sealed envelopes, containing safe combinations entrusted to the exchange officer, shall be retained in a safe under the exchange officer's direct control until returned to the responsible person or opened in the case of emergency.

8. Combinations to safes shall be changed whenever responsibility for the safe changes (i.e., relief of exchange officer, reassignment of safe, etc.), and when deemed necessary for other reasons.

9. Safe combinations will be set only by an accountable exchange official or by an employee whose duties require knowledge of safe/vault combinations. Where practicable, a responsible employee may be trained to assist in changing safe/vault combinations. The responsible employee will prepare the combination mechanism for the new setting and after it has been set by the accountable exchange official or other employee required to know the new combination, will lock the mechanism in place without knowledge of the new combination. Where more sophisticated locking devices are employed, the services of a professional locksmith may be required. If a locksmith is used, exchange management will ensure that the locksmith does not have access to the new combination numbers after it has been set by the exchange officer.

10. The numbers used for safe combinations should be randomly selected rather than based on birthdays, telephone numbers, or addresses, etc., of persons having the combination. Multiples and simple ascending or descending arithmetical series of numbers should be avoided.

11. Safe/vault combinations will be memorized and not left in or on desks or hidden in or around the facility.

12. After the combination has been reset, the lock will be tried four times with the door open to ensure that the new combination functions properly.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 12

WAREHOUSE SECURITY

		<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	12000	12-3	
INTERNAL CONTROLS . . . . .	12001	12-3	
		12-1	



## CHAPTER 12

## WAREHOUSE SECURITY

12000. GENERAL INFORMATION. Warehouses are a vital element in retail business. However, the nature of warehouse and stockroom operations create a high vulnerability to criminal losses. The number of personnel should be sufficient and procedures adequate, for the protection and prompt movement of merchandise. Pilferage by employees causes a large percentage of warehouse/stockroom accountability losses. A fundamental element of effective pilferage reduction is controlling the movements of employees and visitors, thereby limiting access to warehouse merchandise. Another method of controlling pilferage is to eliminate, to a large extent, in-store stockrooms wherever possible. These back stockrooms can be a constant problem and are usually redundant, especially in exchanges with attached warehouses. Part of the problem in warehouse security arises because there is generally not the same close supervision of a warehouse as there is of the main store. When a warehouse is not located adjacent to the principal buildings, it poses additional security problems. Some of the more common warehouse pilferage methods are addressed in chapter 3. Three pilferage methods unique to warehousing are:

1. Circumventing the normal security procedures for critical merchandise by diverting it to a general storage location, with the intent of stealing the merchandise from a less secure area.
2. Conspiring with drivers to steal merchandise by failing to completely unload an incoming conveyance or overloading an outgoing truck without proper documentation.
3. Conspiring with a driver and/or employee of an activity by adding undocumented merchandise to shipments.

12001. INTERNAL CONTROLS. Physical security of building warehouses are described in chapter 4 and are primarily directed toward the prevention of loss resulting from break-ins. The determination of adequate physical security for warehouses is a management decision taking into consideration location, structural integrity of the building, value of assets involved, and periods of exposure (unmanned or unguarded). This chapter deals with the internal controls within warehouse facilities:

1. Proper documentation is a highly important factor in controlling shrinkage warehousing facilities.
2. Incoming shipments must be checked for accuracy. All shortages, overages, and damages must be noted and signed for before the carrier leaves.
3. All shipments must be posted to the freight register immediately upon receipt.
4. All incoming and outgoing shipments must be accomplished by proper documentation completely filled out and signed.

5. Merchandise must be checked carefully against the purchase order to determine correct cost and sell price.
6. On direct delivery items, only authorized personnel will receive the merchandise and check direct delivery contracts to ensure proper cost and sell price. It must be the responsibility of the merchandisers to ensure that all deviations from the original prices on the direct delivery contracts are forwarded as soon as possible to the concerned activities.
7. Activity and department managers will ensure that price marking is accomplished accurately.
8. Incoming shipments must be kept segregated from outgoing merchandise.
9. Transfer documents must accompany merchandise at all times.
10. All vehicles, delivering goods, must be secured with adequate locking devices and secured with a numbered seal. Seals will be examined and compared to seal numbers listed on the trip ticket by the receiving activity manager. Trucks delivering goods to more than one activity should be compartmentalized by loading last delivery first, sealing that area with a numbered seal before loading merchandise for next activity, etc. No deliveries can then be comingled and each activity manager may, by comparing seal numbers, be responsible for only that activity's merchandise. Seal numbers must be listed for each activity on trip manifest.
11. Price marking will be accomplished in accordance with applicable directives.
12. All marking and ticketing supplies must be carefully controlled.
13. All trash boxes must be flattened and trash removal carefully supervised by management.
14. All surveyed merchandise must be accompanied by proper documentation and disposed of in accordance with established procedures.
15. Warehoused merchandise must be carefully arranged to preclude having the same merchandise in more than one location.
16. Warehousemen must be instructed in the proper method of stacking and picking merchandise to prevent damage to merchandise and accidents to personnel.
17. Stock record cards must be kept current and accurate.
18. Overdue merchandise purchase orders must be brought to the attention of buyers for possible cancellation.
19. At the end of the day, all warehouse areas must be secured by the supervisor, ensuring that all access areas are locked and the alarm is operable before leaving facility.



20. Returns to vendor may be accomplished for many reasons. Among these may be: overshipments, unordered goods, merchandise shipped after cancellation date, unsatisfactory merchandise, etc. From a security standpoint, vendor returns must be kept in a separate area, preferably within the warehouse, and access thereto, strictly controlled. Proper documentation must accompany the merchandise. This documentation should include: date of return, vendor name, department, description of goods, reason for return, cost and sell prices, quantity, extension, and totals. The name of person making the return is important in the tracing of errors. After authorization is received from vendor, merchandise should be returned promptly for credit. Returns must be reviewed at least weekly by warehouse manager or designee and, if after a reasonable time has elapsed, authorization has not been received, buyer or merchandiser must be notified for prompt followup.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 13

LAYAWAYS

	<u>PARAGRAPH</u>	<u>PAGE</u>
CONTROLS FOR LAYAWAY TRANSACTIONS . . . . .	13000	13-3
		13-1



CHAPTER 13

LAYAWAYS

13000. CONTROLS FOR LAYAWAY TRANSACTIONS. Layaway clerks are in a convenient position to be dishonest if they are so inclined. Merchandise on layaway is usually stored for an extended period of time and by the time the patron picks up the merchandise, the originator of the transaction is usually forgotten. Here are some useful controls for layaway transactions:

1. Layaway tickets will be filled out properly and accurately, noting the initial payment and balance owed. All terms will be spelled out in their entirety and the layaway clerk will sign or initial the document. All items will be listed.
2. All subsequent payments will be accurately recorded together with the new balance.
3. Layaway tickets will be filed accurately by the patron's last name.
4. Layaway merchandise will be boxed or hung, and accurately filed in a layaway area by layaway number. Hanging layaway merchandise will be covered by a plastic cover to prevent damage.
5. Access to layaway merchandise will be strictly limited to authorized personnel only.
6. Every month, layaway merchandise should be physically checked against layaway receivable records.
7. When a layaway is picked up by a patron, merchandise will be checked, item by item, against the layaway ticket.
8. If a layaway is canceled, merchandise should be immediately returned to the proper department.
9. If a patron redeems layaway merchandise without receipt, positive identification will be made, the patron must sign the completed layaway ticket to the effect that the merchandise was picked up. Failure to follow this procedure may result in the patron bringing a layaway slip in at some future date and demanding merchandise or a refund for merchandise already redeemed. The hazards or loose procedures for layaway transactions are apparent. Many losses may be prevented by tighter controls.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 14

WILL CALL PROCEDURES

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	14000	14-3



# SECURITY AND LOSS PREVENTION MANUAL

## CHAPTER 14

### WILL CALL PROCEDURES

14000. GENERAL INFORMATION. Merchandise which is large or bulky and by nature is restricted to displaying only one piece on the sales floor may be stored in a "will call" area. This area may be a segregated portion of the warehouse or other designated area with strictly controlled access.

1. Merchandise sold on a "will call" basis will be identified as such on the sales floor and should inform the patron to notify a salesclerk when a purchase is desired.

2. The salesclerk will contact the "will call" storage area to ascertain if the item is available. The "will call" storage area will maintain stock record cards on each item as to quantity received, sold, and on hand. If the item is available, a request will be made that a hold be placed on the merchandise, noting the customer's name.

3. The salesclerk will prepare a prenumbered customer Pickup Receipt (MCX Form 441), filling the form out in its entirety, and will sign (not initial) the form upon completion.

4. The salesclerk will process the sale through the cash register and attach the register receipt to the customer's original copy of the customer pickup receipt. Payment will be made at this time.

5. The customer will take the original copy of the customer pickup receipt with the register receipt attached to the "will call" area.

6. The "will call" clerk will check the cash register receipt against the customer pickup receipt, noting the salesclerk's signature and proper identification of the item and customer.

7. The "will call" clerk, upon verification of the cash register receipt and customer pickup receipt, will record the transaction in a serialized logbook with the information reflected on the pickup slip. The customer will sign the logbook and pickup receipt as proof of receiving merchandise. Merchandise will then be issued to the customer. The clerk will retain the original copy of the customer pickup receipt, initial the sales receipt, and present the customer with the sales receipt as proof of purchase.

8. The "will call" clerk's copy of the original customer pickup receipt will be forwarded to the store manager's office at the end of the business day for reconciliation with the duplicate copy. Any discrepancies noted will be investigated promptly.

9. Completed vouchers will be retained for a period of 1 year.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 15

PATRON AND EMPLOYEE REFUNDS

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	15000	15-3





PATRON AND EMPLOYEE REFUNDS

15000. GENERAL INFORMATION. The locations in which patron and employee returns are received and processed are notoriously some of the worst controlled areas within a retail organization. Yet, these areas provide almost unlimited possibilities for fraud and abuse. Some guidelines to help control these critical areas follow:

1. Central refund desks help reduce shortages, since the possibility of refund fraud is limited to the employees at the desk. Equally important, the central refund desk enables management reconciliation of refund vouchers with returned merchandise, making possible an excellent control system.
2. Refund clerks should be chosen as carefully as managerial personnel. Qualifications should be based upon integrity and the ability to deal with the public. Refund personnel must be able to exercise independent judgment and deal pleasantly with problem situations.
3. If, on occasion, a refund clerk cannot resolve a particular situation, the resolution of a refund or adjustment should rest with the activity manager and, finally, the exchange officer.
4. The activity manager should check the refund desk frequently to ensure proper procedures are being observed.
5. Refund/credit slips should be in the possession of the accounting office, kept under lock and key, and issued to the refund desk as needed. Refund/credit slips are to be consecutively numbered and issued numerically. Voided refund/credit slips are to be retained and turned into accounting at the close of business day.
6. The refund/credit slip should be a three-part self-carbonized form and should contain the following information:
  - a. A check (X) in box to indicate refund or credit.
  - b. Date.
  - c. Name and address of patron, including ZIP code.
  - d. Home and work phone number.
  - e. Item description (department number, quantity, description, and sell price).
  - f. Total amount.
  - g. Reason for return.
  - h. Customer's signature.
  - i. Refund issued by (signature).
  - j. At least two lines for signature of department personnel who pick up merchandise for return to stock.

k. Numerical control (printed at bottom of form for insertion in register).

l. Reminder to attach original receipt to voucher.

7. Disposition of refund/credit voucher copies should be as follows:

a. Original, attached to ADR for that day.

b. Duplicate, to accounting.

c. Third copy, to operations (or security department) or to customer if used as a credit slip (no cash refund).

8. It is important to ensure that refund/credit slips are filled out by refund clerk in their entirety. Authorizing signature should be complete name, no initials.

9. If a patron brings back merchandise without a price ticket, but has a cash register receipt, the refund clerk must check with the department concerned to obtain correct price information. If the price information agrees with register receipt, the refund may be issued.

10. If merchandise is returned without a cash register receipt, a credit slip should be issued. The credit slip is the third copy of the refund/credit slip which would normally go to the operations or security department. A credit slip is redeemable within any exchange activity for merchandise and up to 50 percent of the face value of credit may be returned to the patron in change. Redeemed credit slips will be signed by the customer on the reverse side. The sale of the new merchandise will be validated by placing the credit slip in the cash register and the slip then retained in that register as documentation for the sale of merchandise and the issuance of change. If a patron insists on receiving a cash refund for merchandise returned without a cash register receipt, the activity manager may make a determination or refer the patron to the exchange officer for final determination.

11. A refund may be issued for merchandise paid for by check, if the amount of the check was for less than \$100. For checks over \$100, a cash refund may be issued only after ensuring the check has not been dishonored and at least 7 working days have elapsed. This 7-day delay pertains to patrons in the 50 United States and overseas customers who have drawn checks on local banks. For overseas customers who draw checks on stateside banks, the waiting period will be 14 working days.

12. Refunds must be verified by operations or security department personnel. Fraudulent refunds and credits issued to nonexistent persons or addresses can be a major loss for exchanges. Refund customers may be sent a form letter enclosing a self-addressed stamped envelope. The letter should inquire if the refund was handled satisfactorily and the reason for return. Actual purpose of the letter is to determine if fraudulent refunds of credits are being issued. Analysis of letters returned as "undeliverable" or "no such address" may reveal possible fraud. An alternative method of checking refunds or credits is to select 10 to 20 percent of refund slips and telephone patrons asking the same questions as contained in the form letter. The second method is obviously not as comprehensive as the former.

13. Refund clerks should be made aware that all refunds are investigated. This is probably the best deterrent to fraudulent refunds.
14. Buyers may obtain an additional benefit from having all refund customers handled at a central area. Defective merchandise of a Particular type or style or from a specific vendor may come across the refund desk within a given period of time. The refund clerk should communicate this information to the activity manager for possible buyer action.
15. Specimen signature of all personnel authorized to sign refunds and credits should be on file in the accounting office. These signatures should be checked against actual refund/credit slips frequently or when a question arises as to the authenticity of an authorization.
16. Merchandise returned due to damage should be scrutinized carefully to determine whether damages are being caused by maltreatment by customers, exchange personnel, faulty warehouse handling, or vendor carelessness.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 16

VOID AND "NO SALE" PROCEDURES

	<u>PARAGRAPH</u>	<u>PAGE</u>
CASH REGISTER PROCEDURES . . . . .	16000	16-3



## SECURITY AND LOSS PREVENTION MANUAL

### CHAPTER 16

#### VOID AND "NO SALE" PROCEDURES

16000. CASH REGISTER PROCEDURES. The area of an exchange that is most vulnerable to loss is the cash register. An effective loss prevention program must include the prevention of fraudulent voids and the careful monitoring of "NO SALES" or "0" rings. To preclude internal pilferage through these methods, countermeasures must be defined and strictly enforced for handling of overrings and "NO SALES." Since it is almost impossible to watch all cashiers at all times, a method must be devised to ensure that merchandise is actually being rung on the register. The best method is to enlist the help of the patron. Through the use of a simple sign at each register, the patron will insist and ensure that a proper cash register receipt is received for merchandise purchased. Four examples of signs that may be used are as follows:

1. "CASH REFUNDS WITH REGISTER RECEIPTS ONLY."
2. "CASHIERS REQUIRED TO ISSUE REGISTER RECEIPT FOR ALL PURCHASES."
3. "PLEASE RETAIN REGISTER RECEIPT FOR FUTURE ADJUSTMENTS."
4. "DID YOU GET YOUR REGISTER RECEIPT?"

Any of these signs should accomplish the intended purpose.

5. Supervisors will issue overring slips and authorize voids in the presence of customers and before transaction proceeds.

6. Overring slips will be retained in the accounting office, under lock and key, and issued to supervisory personnel on an "as needed" basis. Overring slips should be consecutively numbered. Supervisors will sign for overring slips and will be held accountable for them.

7. Overring slips should be retained in the possession of supervisors and be limited to the least number of persons possible.

8. Supervisors should sign overring slips with full name, no initials.

9. Voided cash register receipts will be attached to the overring slip by a supervisor and placed in the cash register to be turned in with other media and cash at the close of the business day.

10. The accounting department will have authorized specimen signatures on file for comparison purposes.

11. Supervisory personnel should be periodically requested by the accounting department to review voids that they have authorized.

12. The accounting department will keep a record of void frequency for all cashiers.

13. Voided or invalid overring slips will be so marked, retained by supervisors, and returned to accounting office at the conclusion of the business day.

14. "NO SALES" or "0" rings should be carefully monitored. Cashiers should have very little reason to open cash drawers during the day except when ringing a sale or requesting change. When a cashier uses the "NO SALE" key, the register receipt should be authorized by the supervisor at the time of occurrence, indicating the reason the drawer was opened (to make change, etc.). The detail tape for that transaction should be circled and the register receipt retained in the register to be turned in to the accounting office at the conclusion of the business day. Excessive "NO SALES" or "0" rings should be investigated.

15. Void slips should be a two-part self-carbonized form. The form should contain the following information:

- a. Date.
- b. Transaction number.
- c. Register number.
- d. Total overring dollars.
- e. Reason for overring.
- f. Cashier (signature).
- g. Authorized by (signature).
- h. Notice (attach void, register receipt).
- i. Numerical control number (lower right).

16. Disposition of the void slip should be:

- a. Original (with register receipt attached) to accounting.
- b. Duplicate, to operations (or security).



SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 17

PERSONNEL

	<u>PARAGRAPH</u>	<u>PAGE</u>
TIMECARDS AND TIMECLOCKS . . . . .	17000	17-3
NEW EMPLOYEES . . . . .	17001	17-3
		17-1



CHAPTER 17

PERSONNEL

17000. TIMECARDS AND TIMECLOCKS. Because payroll represents a large portion of business expense, every effort must be made to stop losses at this point. Exchange officials should be cognizant of the laws governing overtime pay and ensure that employees do not punch in far in advance of actually reporting for work or after their scheduled departure (i.e., if the employee is scheduled to work 1000 to 1700 hours, the fact that they may arrive at the activity at 0930 should not permit them to punch the timeclock at 0930. By the same token, an employee should not be permitted to punch out at 1730 hours when their schedule calls for 1700). These practices which are common-place occurrences may lead to accumulation of wasteful overtime payments for time not actually worked. Unfortunately, proper recording of time will not prevent waste and abuse of time. Since ample breaks and meal hours are given, there must be a better accounting of the time on the job.

1. When conditions warrant, timecards and timeclock should be employed.
2. No employee will punch in or out for fellow employees. Notice will be posted such as "Anyone caught punching another employees time-card will be subject to dismissal." Such a notice will have a beneficial effect if it is enforced. If it is not going to be enforced, do not post it.
3. Some employees "punch-in" and then go on a coffee break instead of back to work. This must be closely supervised. People who steal time from their employers are, in effect, thieves.
4. Timecards and time recorders must be placed where they may be easily observed.

17001. NEW EMPLOYEES. While most prospective employees are honest and law-abiding, there are those applicants who, given the right opportunity and circumstance, would steal from the exchange. To lessen the odds against the hiring of these applicants, it is mandatory that pre-employment checks be accomplished. A telephone check to one or more previous employers using the format as presented in figure 17-1 will assist the exchange in making a hiring determination. Figure 17-2 is a copy of a sample letter sent to previous employers and sanctioned by the applicant. If the information given on the employment application regarding previous employment is false, the chances are good that most applicants will eliminate themselves from employment consideration knowing that the previous employer will not corroborate the information supplied.

1. A probationary period during which conduct of the new employee is closely watched will save money and prevent the loss of those patrons who resent poor service or discourteous treatment.
2. A periodic review and evaluation of an employee's work and work-related habits, will reinforce the concern that management has for proper work habits and adherence to regulations and procedures.

3. Employees should be given as much training as possible to help them do the job they were hired for. It is unfair to both the employee and the exchange to send an employee to a work station unprepared.

4. Shrinkage control must be made a full-time job. Every employee must know of management's concerns about shrinkage. Reinforce these concerns with constant security sessions and meetings. Every time there is a meeting to discuss merchandising events and problems, security should also be emphasized. There are some excellent films on fraud, shoplifting, and internal theft available from trade associations. There must be an "open door" policy existing between employees and management: "fair but firm" should be the rule. No employee should ever be made to feel that the employer is inaccessible. Management should never be too busy to hear an employee's gripes, no matter how trivial they may seem. Valuable information concerning internal problems within an exchange can sometimes be obtained from employees in this manner. This is generally true of new employees. Usually they come to a new position, eager to do a good job, and quickly become angered by some of the abuse and violations of the rules. Much of this abuse is perpetrated by oldtime employees. Many resent supervision, believe they deserve special privileges by virtue of their long tenure, and do not have to abide by regulations. Deterrents and good morale will prevent many losses and keep good employees from becoming delinquent.

Date\_\_\_\_\_

Name of Applicant\_\_\_\_\_

Previous Employer\_\_\_\_\_ City and State\_\_\_\_\_

Person Contacted \_\_\_\_\_ Position or Title\_\_\_\_\_

Telephone No. \_\_\_\_\_

1. This is \_\_\_\_\_ from the, Personnel Department of  
the Marine Corps Exchange at \_\_\_\_\_  
(MCB, MCAS, etc., Location)

May I verify some information given to us by \_\_\_\_\_  
(Name of Applicant)

who is one of your former employees, and who is applying for a  
position in our store? This information will be held in strictest  
confidence.

a. What were the dates of their employment with you?

\_\_\_\_\_ to \_\_\_\_\_

b. What was the nature of their job? \_\_\_\_\_

c. What was their salary? \_\_\_\_\_

If company will not release salary information, ask,

d. Applicant states that their salary was in the \$ \_\_\_\_\_

range? Would that be correct? \_\_\_\_\_

e. Would you comment on this employee's work performance  
regarding:

Attendance \_\_\_\_\_

Quality of work \_\_\_\_\_

Ability to work with others \_\_\_\_\_

f. Why did they leave your employ? \_\_\_\_\_

\_\_\_\_\_

g. Would you rehire this person? \_\_\_\_\_

h. Is there anything else that we should know? \_\_\_\_\_

\_\_\_\_\_

i. May I have your name and title? \_\_\_\_\_

Thank you very much.

Figure 17-1.--Telephone Reference Check Form.

## MARINE CORPS EXCHANGE

Gentlemen:

The person indicated below has applied for employment at this exchange and has given your name as a former employer. To assist us in evaluating this applicant, it is respectfully requested that you answer the questions appearing below.

A stamped return envelope is enclosed for your convenience. Your reply is appreciated and will be in strictest confidence.

Exchange Officer,

Name \_\_\_\_\_ Social Security No. \_\_\_\_\_

Position held \_\_\_\_\_

Employed from \_\_\_\_\_ to \_\_\_\_\_

Work evaluation: \_\_\_\_\_ Satisfactory \_\_\_\_\_ Unsatisfactory \_\_\_\_\_

Would you rehire? \_\_\_\_\_ yes \_\_\_\_\_ no

Additional remarks \_\_\_\_\_

Do you know of any reason(s) which would preclude us from hiring this applicant? \_\_\_\_\_

\_\_\_\_\_  
(Signature) (Title) (Date)

I hereby give my consent to release the above requested information concerning my previous employment.

\_\_\_\_\_  
Signature of applicant Date

Figure 17-2.--Sample Reference Check Letter.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 18

FOOD SERVICE LOSS PREVENTION

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	18000	18-3
PILFERAGE CONTROL . . . . .	18001	18-3
CASH REGISTER CONTROLS . . . . .	18002	18-3
STRESS IN FOOD SERVICE (WASTE AND INEFFICIENCY) .	18003	18-4
FOOD SERVICE MANAGERS . . . . .	18004	18-4
CHECKLIST FOR FOOD SERVICE SUPERVISORS . . . . .	18005	18-5
		18-1





## SECURITY AND LOSS PREVENTION MANUAL

### CHAPTER 18

#### FOOD SERVICE LOSS PREVENTION

18000. GENERAL INFORMATION. Lack of statistical data masks the true extent of crime in service industries throughout the civilian sector. The U.S. Department of Commerce suggests that losses are almost \$10 billion annually. Since employee theft plays the major role in these losses, security and loss prevention must begin with careful hiring, training, employee monitoring, and inventory control. At the heart of any loss prevention program is good employee security, carefully planned physical security of foodstuffs and equipment, and an awareness of the cost of crime to the exchange system.

#### 18001. PILFERAGE CONTROL

1. Each employee will be fully oriented by the activity manager as to meal privileges (if any) and established control procedures.
2. Employees will check all personal packages with supervisor before reporting to work station. Employee packages will be controlled in a central area.
3. Employees will be required to check with supervisor prior to leaving the premises for any reason. Where possible, employees will be restricted to a single entrance/exit.
4. The rear door of a food activity will be equipped with a suitable latch or panic bar. To facilitate control, the panic bar should be equipped with a bell or buzzer which rings when the door is opened. Doors should be locked when securing premises.
5. Refrigerator units should be provided with heavy-duty hasps and receivers and secured with a heavy-duty lock; the keys are under the control of the activity manager or designee. Refrigerators must be kept locked except when food is being issued.
6. Employees must be prohibited from removing leftover food from the food service activity. To ensure usable materials are not being disposed of, garbage and trash will be inspected prior to removal. Supervisors' inspection of garbage will also provide useful information on excess waste and spoilage. Empty cartons, cases, and other food containers will be broken down before removal to preclude accidental loss of food items.
7. Unauthorized personnel will not be permitted to enter the kitchen, storage, or serving area of an exchange food activity.
8. Activity managers will take all measures necessary to preclude employees from providing unauthorized free meals to patrons.
9. Supervisors will verify food issues to and from mobile food units.

#### 18002. CASH REGISTER CONTROL

1. Personnel collecting cash will be fully trained in cash register operation, cash handling, and changemaking procedures. These personnel will be provided with current pricelists indicating all items available for sale, selling price, and portion sizes. This list will be retained at the cash register for review by the cashier and patrons upon request.

2. Cashiers and serving attendants will be shown every item on the serving line with portion sizes, in order that items may be correctly charged for, as well as recognizing overportioning or underportioning. Cashiers will be instructed to report over- or underportioning immediately to the supervisor. Under no circumstances will overportioning items be removed from a patron's tray after having been served.

3. Cashiers are responsible for ensuring that no items are taken into the dining area until they have been paid for and rung on the cash register.

4. Surprise cash counts will be made on all cash registers for each shift at least on a semimonthly basis, or more frequently if an internal problem develops. Surprise counts will be made on an irregular schedule; a record of counts will be forwarded to the exchange officer for review and filing. Counts will be conducted by branch manager or designee.

5. Cash registers must be locked when cashiers are away from cash stations for any reason.

18003. STRESS IN FOOD SERVICE (WASTE AND INEFFICIENCY). Stress is the most important problem facing food service operations. Few occupations make as many physical and psychological demands on the individual as working in restaurants, fast food chains, institutional kitchens, and other food service operations. Work is physically gruelling and in most cases psychologically unrewarding. Food service workers are perceived to be on the low end of the socioeconomic scale. Few of these workers feel that it is a culturally desirable career. This translates into low personal self-esteem for many food service employees. Food service management has contributed to these stressful situations through its policies, attitudes, and procedures. At best, food service management's handling of personnel relations, their needs, and problems is unsophisticated, at worst, completely inept. It is difficult to say how directly stress affects job performance, turnover, inefficiency, and waste, but most experts agree that it costs the food industry millions of dollars annually. From extensive interviews and analysis of food service employees, some disturbing patterns of stress-producing phenomena have surfaced. Some of the most frequent complaints are:

1. Lack of cooperation from other workers. "I don't care" attitude. No job commitment. High turnover rate.

2. Lack of teamwork. No sense of "belonging" to an organization. Lack of group cohesion. No feeling that "we're in this thing together."

3. Lack of communication from management. Communication nonexistent. Feeling that management "doesn't care."

4. Confusion about job responsibilities. Mixed signals from too many bosses.

5. Belittling and criticizing workers in public.

18004. FOOD SERVICE MANAGERS. Nothing about stress in the food service industry is simple. Only one thing can be stated with absolute certainty: the costs are enormous due to lost productivity, inefficiency, worker illness, mental health problems, and lost potential. The remedy for stress is not simple either. Management must strive to improve their personnel handling skills. How often is a food service worker recognized for an achievement? Is a letter of appreciation given to an employee and made a part of their

personnel files? Is it publicized? Exchange officers should ensure that food service activity managers recognize the efforts of good food service personnel in an effort to lower the attrition rate and reduce job dissatisfaction.

18005. CHECKLIST FOR FOOD SERVICE SUPERVISORS. Following is a list of questions, which may be applicable to any activity, but is especially important in food services. If an activity supervisor can honestly answer "yes" to the majority of them, it will help eliminate many personnel problems prevalent in food service operations:

1. Am I approachable, open-minded, fair, and impartial?
2. Do I personally show that I care about each employee's welfare?
3. Do I fairly represent management to the employee?
4. Do I control my temper?
5. Am I patient, consistent, and appreciative of good performance?
6. Do I treat all employees with respect?
7. Do I avoid favoritism?
8. Am I normally cheerful and maintain a sense of humor?
9. Am I reasonable in the objectives I set for myself and my subordinates?
10. Am I able to explain all exchange policies so that all employees understand them?
11. Am I a good listener to complaints and suggestions from customers and employees?
12. Do I compliment and encourage employees?
13. Do I refrain from belittling and criticizing a subordinate in front of others?

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 19

SERVICE STATION LOSS PREVENTION

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	19000	19-3
FUEL CONTROL . . . . .	19001	19-3
CASH CONTROLS . . . . .	19002	19-3
MERCHANDISE AND PARTS CONTROL . . . . .	19003	19-4
WORK ORDER CONTROL . . . . .	19004	19-5
EMPLOYEE CONTROL . . . . .	19005	19-5
MANAGEMENT RESPONSIBILITY . . . . .	19006	19-6
		19-1



## SECURITY AND LOSS PREVENTION MANUAL

### CHAPTER 19

#### SERVICE STATION LOSS PREVENTION

19000. GENERAL INFORMATION. Service stations are likely targets for fraud, waste, and abuse. This may be due, in part to the fact that service stations are generally located away from the main exchange where employees are not under constant surveillance by exchange management. Losses at service stations may be attributed, for the most part, to loose or nonexistent controls. Exchange management must make every effort to closely monitor service station operations and controls on a constant basis. At least weekly visits to the station should be made, more often if necessary. These inspection visits will reinforce exchange management's concern for honest, efficient operation of the service station. In addition to management visits, the following controls should be instituted and maintained.

#### 19001. FUEL CONTROL

1. Calibration tests on fuel pumps must be performed at least monthly as prescribed in the current edition of MCO P4066.13. Should these tests reveal an error and recalibration becomes necessary, the lead seal must be replaced immediately after recalibration is performed.
2. Maintenance and repair of fuel pumps will be accomplished only by authorized personnel.
3. Condensation tests must be performed at least weekly or after a rainfall, and any condensation exceeding 1 inch removed.
4. Stick readings will be made on each fuel tank at the close of business.
5. When fuel is delivered, the manager or designee should take stick readings before and after to ensure full quantities have been delivered. Manager or designee must certify on the delivery ticket that the correct quantity of fuel has been received.
6. When a discrepancy exists between fuel outgo, as determined by pump meter and the gauge stick readings, which exceeds one-half of 1 percent, a review will be conducted to determine the cause. A record should be kept daily of comparison between withdrawals (outgo) and gauge stick readings.
7. Keys to fuel pumps and storage tanks should be retained by the service station manager or designee.
8. At least monthly, unannounced, the exchange officer or designee should verify the actual pump meter readings compared to those reported by the station. The verification should be conducted before opening, or at the close of business, to ensure accuracy. Any differences should be investigated.
9. When a pump attendant is relieved at the end of a shift, readings of the assigned pump should be taken by the station manager.

19002. CASH CONTROLS. All cash register controls discussed in this manual apply to registers in service stations. The widespread use of credit cards at Marine Corps service stations, together with the large amount of currency handled on a daily basis, mandates that all applicable control procedures be followed at all times.

1. The number of personnel authorized to record cash add credit card sales on cash registers should be kept to a minimum for increased cash accountability.
2. Where practicable, a register with a cash key, charge key, and at least four departmental keys should be utilized for proper sales analysis. One key is for recording of fuel sales, one for motor oils, one for parts and accessories, and one for labor and service charges.
3. All unexplained cash shortages and overages should be investigated by the exchange officer or designee, to determine cause of discrepancy.
4. All work orders must be validated by the activity manager or designee, at the cash register to support proper recording of sales.
5. At the end of each business day, the service station daily report and original job sheets for all rendered services will be submitted to the accounting office to be verified against the monies turned in.
6. On a daily basis, the service station manager will verify, record, and reconcile the total fuel pump dollar-meter reading to the net cash register reading for fuel sales.
7. When service station hours extend past dusk, a minimum of cash should be detained in the cash register. Excess cash will be deposited in a bank night repository, or if that is impractical, in a locked safe within the station.
8. An accountability log book will be maintained daily by the service station manager for all credit card forms issued and used, including voids. Credit card forms must be issued and used in numerical sequence. Service station managers must be aware of potential credit card fraud by station employees. A check should be made daily of credit card sales to determine if the same name and number appear more than once in the same day. This occurrence may be a sign of potential fraud. Credit cards must be returned to patrons after validation. In the event a credit card is left behind, that credit card will be locked securely in the station safe in a sealed envelope and the patron contacted as soon as possible.

19003. MERCHANDISE AND PARTS CONTROL

1. All motor oil products must be physically inventoried on a daily basis. Any significant shortages should be promptly investigated.
2. All resale merchandise must be clearly price ticketed to avoid guesswork.
3. All merchandise should be physically received and signed for by-the service station manager or designee.
4. The service station manager or designee will be the only persons authorized to issue parts to mechanics. Parts room should be kept locked, except at times of issuance, and the key retained by the manager.
5. When tires are displayed outside the service station in display racks or storage cabinets, they should be secured together with a chain and padlock of adequate strength, if display equipment is not equipped with an antitheft arrangement. If it is necessary to store tires in the repair shop, the shop should not be left unattended when service bay doors are in an open position.

6. Service stations protected by alarms will be tested at least weekly to ensure proper functioning. Exchange officer or designee will test local alarms connected to audible or visible signals (bell, siren, flashing light). Alarms connected to a central station will be tested in cooperation with base security personnel to ensure proper signals are received at the monitoring location. Motion detectors should be tested for proper sensitivity. Records of these tests will be maintained at the exchange offices.
7. Trash must be inspected by service station manager or designee prior to removal to ascertain that saleable merchandise is not being disposed of. Cartons should be broken down and folded flat.
8. Mechanic's tools, testers, gauges, etc., should be returned to proper storage places after use. Service station manager should spot check frequently ensure tools are being returned. Station personal should not be permitted to borrow tools for their personal use.
9. Where practical, used parts which are not readily visible, such as brake parts, ignition parts, fuses, etc., should be returned to patrons. In addition to ensuring that new parts were in fact installed, this is an effective means of gaining and maintaining customer confidence in the service station.

#### 19004. WORK ORDER CONTROL

1. Work orders for maintenance and repair services should be prepared at the time work is accepted, they must be numerically controlled, including voids, and issued sequentially. A control log for these work orders should be maintained by the service station manager or designee. Signatures of authorized patrons should be affixed to all work orders before work is accomplished. Mechanics will enter on the work orders only the time required to accomplish the job and their signatures.
2. Service station manager or designee only will price work orders. Parts will be issued only by the service station manager or designee, and entered by them on the work order.
3. Work orders should be completed in their entirety, including patron and vehicle identification, type of work performed, time expended, and all applicable charges. Work orders provide a permanent record of all repairs and maintenance, making accurate cost control possible.

#### 19005. EMPLOYEE CONTROL

1. Employees will sign in and out, or punch a timecard if a clock is provided, when reporting or leaving work. All breaks and meal hours will be recorded. No employee may sign or punch timecards for another employee. No employee may sign out in advance of leaving work or for time not actually worked.
2. Lockers should be provided in the manager's office for employees' use. Employees' handbags and personal effects must be kept therein during working hours. Employees' lockers may be inspected by the exchange officer or designee in the presence of the employee and at least one witness. Notice to this effect should be posted on employee bulletin board.



19006. MANAGEMENT RESPONSIBILITY

1. Indoctrination, training, and development of service station employees, in the exchange's concern for security, safety, proper work habits and conduct towards patrons and their vehicles, is the responsibility of the service station manager, under the guidance of the exchange officer.

2. In the service station work environment, where management and personnel often work closely together, the chain of command may tend to become blurred. Under these circumstances, controls tend to be more loosely applied and adhered to than in some other exchange areas. It should be the duty of service station management to guard against allowing security controls to lapse into ineffectiveness.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 20

VENDING MACHINE LOSS PREVENTION

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	20000	20-3
LOCATION . . . . .	20001	20-3
CONTROL . . . . .	20002	20-3
SECURITY OF FUNDS AND MERCHANDISE . . . . .	20003	20-3
SALES VERIFICATION . . . . .	20004	20-4
ACCOUNTABILITY FOR VENDING MACHINES . . . . .	20005	20-4
VENDING SALES COMPARISON . . . . .	20006	20-4
		20-1



# SECURITY AND LOSS PREVENTION MANUAL

## CHAPTER 20

### VENDING MACHINE LOSS PREVENTION

20000. GENERAL INFORMATION. Vending machine services, whether exchange-owned or -operated, under contract with concessionaires, are among the largest revenue producers in the exchange system. It is therefore mandatory that cash and security controls be instituted and maintained for all vending and amusement machines.

20001. LOCATION. Each exchange-owned vending and amusement machine must have an asset number assigned. In addition, detailed records must be maintained by asset number and location so that all machines are accounted for and movement may be tracked at all times. In those instances where vending and amusement machines are controlled by a local numbering system, those numbers are acceptable for movement within a cost center and the recording of sales. Contracted machines should be listed on a locator sheet maintained at exchange offices. To the extent possible, vending machines should be located in well-populated areas to preclude the possibility of vandalism to the machines.

20002. CONTROL. All vending and amusement machines should be equipped with nonresettable counters where practicable to enable the reconciliation of cash receipts to counterreadings. A counter-reading should be taken each time the machine is restocked. The sell price value of items used in restocking should agree with the cash receipts. The best control is to have vending machines filled to capacity each time the machine is restocked. However, due to the impracticality of this arrangement, inventory levels must be established based on usage for each machine and this level recorded in the vending inventory records. For control purposes, any "slugs" should be submitted with the cash receipts. The record of counter readings and cash receipts reconciliation shall be maintained by the exchange officer. The exchange officer or designee shall be responsible for verification of the cash receipts to counter control reconciliations.

#### 20003. SECURITY OF FUNDS AND MERCHANDISE

1. Exchange-Owned Machines. Adequate security measures will be taken to safeguard vending machine products and receipts at all times. Service vehicles will be kept secured at all times when the service person is not physically present. Truck safes will be provided the access thereto, by key or combination, not in the possession of the service person. The safe should have a sign affixed which reads "DRIVER DOES NOT HAVE KEYS (OR COMBINATION) TO THIS SAFE."

2. Contracted Machines. If vending machine receipts are collected by an exchange employee, procedures specified in paragraph 20003.1, preceding, will be followed. When receipts are collected by the contractor, an exchange employee, where practical, should accompany the contractor's service person to verify proper collection and restocking procedures.

20004. SALES VERIFICATION

1. Exchange-Owned Machines. At the end of each accounting period, the sales audit clerk will compare the actual cash submitted on the salesperson's daily cash report for the period with the sales on the vending department's report of sales for the period. Any differences in excess of three-fourths of 1 percent of sales should be reported to the exchange officer.

2. Contracted Services. At the end of each accounting period, the invoice audit clerk will compare the sales specified in the contractor's invoice with sales reported on the applicable report of goods received (RGR) by the vending office for that contract and service. Attempts will be made to clarify any variances. If differences, however, cannot be settled, the exchange will pay the contractor the amount indicated in the exchange records. Contract costs will be frequently checked by the invoice audit clerk to ensure that proper costs are being charged by the contractor.

20005. ACCOUNTABILITY FOR VENDING MACHINES. Strict accountability must be maintained on all exchange-owned and contractor-owned vending machine. An unaccounted for vending machine can be used as a spare cash register. Money can be taken out and the proceeds never reported. In using the locator sheet, a visual inspection schedule should be setup. During this inspection, the condition and sanitation of the machines may be ascertained, as well as spotting any extra machines not under exchange control.

20006. VENDING SALES COMPARISON. A wide disparity between sales to stock ratio or similar machines in nearby locations may reveal possible fraud on the part of a vendor or exchange personnel. Exchange officials should check sales activity frequently for vending machines of different types collocated or similar machines in reasonable proximity to each other.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 21

LOSS PREVENTION IN INDIRECT OPERATIONS

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	21000	21-3
		21-1



# SECURITY AND LOSS PREVENTION MANUAL

## CHAPTER 21

### LOSS PREVENTION IN INDIRECT OPERATIONS

21000. GENERAL INFORMATION. Personal services such as beauty and barber shops, laundry, drycleaning store, tailor shop, watch repair, radio and TV repair, flower shop, gift wrapping, shoe repair, optical services, photo-studio, laminating service, key making, and other services may be operated where the need for such a service is demonstrated, on a direct or indirect basis. When operated as a direct service, all controls applicable to other direct operations apply. When the service is performed by concessionaires, the Marine Corps Exchange Service's concern should be concentrated in two areas:

1. Whether the activity, which is basically operated as a convenience, is fulfilling its mission and providing service which is comparable to the highest quality in the commercial field.
2. Whether the exchange is receiving its fair share of commission based on an accurate accounting of sales and income.
3. To determine the level of service being performed by concessionaires, at least quarterly, a documented comprehensive inspection should be performed by the exchange officer. Any discrepancies found may then be brought to the attention of concessionaire and corrected.
4. Manipulation of actual sales figures by concessionaires is a far more serious problem and is certainly nothing new. If a concessionaire understates the income, the concessionaire then gets to keep more of the profits in violation of the contract with the exchange. The concessionaire is also taxed on a smaller sales figure. The problem for exchanges is the detection of this fraudulent practice. Patron awareness should be the first line of defense against under-reporting of sales by concessionaires. Signs will be posted in all sales activities which read: "Thank you for shopping the Marine Corps Exchange. Did you receive your register receipt and correct change?" The use of cash registers and the submission of detail tapes is no guarantee of accurate sales reporting. There are documented cases of fraud whereby concessionaires have substituted false tapes supporting their understated sales. To prevent sales manipulations, exchanges should analyze sales trends of indirect activities for the current year and compare the current year sales to sales for the past 3 to 5 years. The causes of most adverse sales trends may be readily identifiable. However, more time should be spent to determine the causes of unfavorable, inexplicable trends. Do not limit suspicions solely to decreasing sales trends. Determine the average percentage of increased or decreased sales for all activities concerned to ascertain whether individual concession sales are proportional (i.e., the average sales increase is 15 to 20 percent, while a particular indirect activity shows only a nominal increase). Check this discrepancy; the results may be surprising and rewarding.



SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 22

INSPECTIONS AND REVIEWS

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	22000	22-3

FIGURE

22-1	SHOPLIFTING PREVENTION CHECKOUT . . . . .	22-4
22-2	INTERNAL PILFERAGE PREVENTION CHECKLIST .	22-6
22-3	LOSS PREVENTION SURVEY FORM . . . . .	22-8
		22-1



CHAPTER 22

INSPECTIONS AND REVIEWS

22000. GENERAL INFORMATION. It is the responsibility of exchange management at all levels to assure that adequate loss prevention measures are constantly in effect at all activities. The checklists shown as figures 22-1 through 22-3 are designed as guidance in conducting inspections or surveys. These checklists are intended only as a guide and are not all encompassing. Situations may exist or arise where none of the checklists apply. In these cases, inspection personnel should formulate their own checklists, using pertinent items on the following checklists as basic guidance, adding items as necessary.

1. All echelons of management should conduct loss prevention inspections and surveys. However, this responsibility should not be delegated below the position of department manager or security personnel.
2. The activity manager or security officer should conduct semiannual inspections to assess the adequacy of shoplifting and internal pilferage controls. Figures 22-1 and 22-2 may be used. These forms should be prepared in duplicate and distributed as indicated on the form.
3. The activity manager should take corrective action on deficiencies noted within 1 week and record the action in the remarks section of the checklist. The original should be forwarded to the exchange officer and a copy retained in the activity files.
4. The activity manager or security officer should conduct a loss prevention survey and use figure 22-3, at least annually, to determine the overall internal and external security posture of the activity. This form should be prepared in duplicate. Distribution to be made as indicated.
5. Inspection personnel will indicate deficiencies noted during survey by placing a checkmark (X) in the "NO" column. Deficiencies and corrective action recommended will be listed on a separate sheet and cross-referenced to the survey form. Example of continuation sheet is shown in figure 22-1.
6. Activity managers should initiate corrective action on deficiencies within 1 week of the survey and record the action taken, by first endorsement to the continuation sheet. Prepare in duplicate, retain one copy, and provide original to the exchange officer.
7. The completed checklist will be periodically reviewed by the security officer and responsible exchange management to assure that adequate loss prevention procedures are being followed and maintained.

SHOPLIFTING PREVENTION CHECK LIST		DATE	
INSTRUCTIONS: PREPARE IN DUPLICATE ORIGINAL TO GM COPY TO FACILITY FILE			
FACILITY NAME		TYPE	
LOCATION		ER /ACTIVITY	
MANAGER <i>James J. Jones</i> James J. Jones, Manager		INSPECTED BY <i>Robert C. Roberts</i> Robert C. Roberts, Exchange Detective	
GENERAL		YES	NO
1	Sales clerks familiar with the store Memorandum of Understanding for handling shoplifters?	X	
2	Sales clerks know action to take when they observe a customer shoplifting?	X	
3	Store well lighted?	X	
4	Display counters arranged to provide sales clerks with maximum area of observation?	X	
5	Blind spots are protected by mirrors?	X	
6	Merchandise on display counters presents a neat appearance?	X	
7	Empty cartons removed from shelves?	X	
8	Empty hangers removed from clothes racks?		X
9	Dressing room supervised?	X	
10	Items of clothing are checked before customer enters dressing room?	X	
11	Items of clothing are checked when customer completes the fitting?	X	
12	Dressing room checked after customer completes fitting?	X	
13	Critical items such as cameras, watches, etc. displayed in show cases or on shelves inaccessible to the customers?	X	
14	Critical Items Register maintained and current?	X	
15	Sensitive items such as small transistor radios, lighters, rings, etc. displayed in show cases or on shelves inaccessible to customers?	X	
16	No more than two critical items shown to a customer at one time?		X
17	Clerks are on the sales floor observing customers?	X	
18	Cashier checkers familiar with latest price changes?	X	
19	All sales clerks and cashier checkers have received training in "Shoplifter Prevention"?	X	
20	Department managers have received training in "Shoplifter Prevention"?	X	
21	Refund registers checked for repeated refunds by one customer?	X	
22	Bag stapling is in effect?	X	
		X	
(CONTINUED ON REVERSE)			

Figure 22-1.--Shoplifting Prevention Checklist

SHOPLIFTING PREVENTION SURVEY (Continued)	
REMARKS:	
Observation:	Three empty hangers found on men's leather jacket hanging rack.
Action:	Hangers were removed. Sales personnel were provided "security awareness" training and advised to check for empty hangers and report any evidence of shoplifting.
Observation:	Sales clerk at the watch counter had five watches on the counter top being examined by a customer.
Action:	Upon departure of customer, the sales clerk was advised to show no more than two critical items at a time to a customer, and to remain with the customer until the sale is completed or the items are returned to the display case.

Figure 22-1.--Shoplifting Prevention Checklist--Continued

INTERNAL PILFERAGE PREVENTION CHECK LIST				DATE	
INSTRUCTIONS: PREPARE IN DUPLICATE. ORIGINAL TO GM. COPY TO FACILITY FILE.					
FACILITY NAME			TYPE		
LOCATION			ER/ACTIVITY		
MANAGER <i>Roger R. Rodriguez</i> Roger R. Rodriguez, Manager			INSPECTED BY <i>John J. Jones</i> John J. Jones, Exchange Detective		
GENERAL		YES	NO	CASH	
1	Frequent accountability control training sessions conducted?	X		1	Employees utilizing cash registers familiar with cash register procedures?
2	Employees aware of their responsibilities for accountability control?	X		2	Employee personal effects kept in a location other than the selling/stock area?
3	Employees cognizant of standard operating procedures?	X		3	Employees prohibited from making sales to themselves?
4	An effective orientation program for newly hired personnel in effect?	X		4	Employee purchases made during prescribed periods?
MERCHANDISE		YES	NO	5	Employee purchases made in the presence of manager or designate?
1	Refund procedures in compliance with directives?	X		6	Employee purchases bagged, stapled, and cash register receipt affixed to bag?
2	Refunded merchandise checked against listings recorded on the Refund Voucher.	X		7	Employee purchases stored in a central location and spot checked by management?
3	Critical Items Register maintained and current?		X	8	Each sales clerk has a separate cash drawer?
4	Employee activities supervised in the facility during non-operating hours?	X		9	Cash register audit windows visible to customers?
5	Management conducts spot checks of the premises to discourage concealment of merchandise by employees?	X		10	Sales rung up immediately?
6	Friends and relatives of personnel discouraged from loitering in the facility during operating hours?	X		11	Sales clerk closes cash drawer immediately after sales?
7	Sales personnel prohibited from making sales to relatives?	X		12	Zero rings strictly controlled and affixed to daily clerk reports?
8	Trash disposal areas spot checked for evidence of pilferage?	X		13	Customer purchases bagged and stapled?
9	Boxes, cartons, and containers flattened before disposal?	X		14	Cash register receipts stapled to customer purchases?
10	Authority for effecting controllable markdowns restricted to management?	X		15	Cash register readings made only by manager or designate?
11	Price changes verified by management?	X		16	Overrings authenticated by management?
12	Incoming/outgoing shipments properly checked/documented?		X	17	Unannounced cash register spot checks made?
13	Vendor receipts/returns verified by manager or designate?	X		18	Log maintained to record surprise cash counts?
14	All shipments received and recorded immediately?		X	19	Excessive or recurring cash discrepancies investigated by management?
15	Pricing procedures in conformance with directives?	X		20	Sales personnel lock their register drawers and remove the key when leaving the cash register unattended?
16	Frequent checks of pricing performed by management?	X		21	Cash register areas spot checked by management for evidence of manipulations?

(CONTINUED ON REVERSE)

Figure 22-2.--Internal Pilferage Prevention Checklist

INTERNAL PILFERAGE PREVENTION SURVEY (Continued)	
REMARKS:	
Observation:	A receipted shipment of watches (sell over \$100) had not had critical item control cards made. (Shipment was received on 9 AUG 76 - 3 days)
Action	: Critical item control cards (CICC) must be prepared for each item upon receipt at the stockroom.
Observation:	Documentation for a transfer of merchandise to Br 1108 was prepared 3 days after the actual shipment was made.
Action	: Stockroom supervisor was advised to insure that all transfers are accompanied by the proper documentation before shipment.
Observation:	Two shipments, received on 8 and 9 AUG 76, had not yet been posted to the Freight Register.
Action	: The Freight Register was brought up to date and the store keeper was advised to post shipments at the time of receipt. (Spot checks will be made to insure compliance)

Figure 22-2.--Internal Pilferage Prevention Checklist--Continued

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 23

STANDARDS OF CONDUCT

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	23000	23-3
		23-1





## STANDARDS OF CONDUCT

23000. GENERAL INFORMATION. Ethics may be defined as a set of principles dealing with what is right or wrong and with moral duty and obligation. Every company and individual lives by a code of ethical conduct. The Marine Corps Exchange Service, as a Government instrumentality, must adhere to standards of conduct which are beyond reproach. Any breach of ethics brings dishonor to the exchange service and is likely to incur the wrath of legislators and the public, and rightly so.

1. Exchange procurement and executive personnel, who by the nature of their positions are entrusted with the spending and safeguarding of millions of dollars in public funds, must be especially cognizant of adherence to the standards of conduct and the avoidance of any conflict of interests as set forth in DoD Directive 5500.7. This directive prescribes the code of behavior required of all DoD personnel, and deals with proper conduct, conflict of, contributions and presents, use of Government property and manpower, the use of official positions in connection with commercial enterprises, outside employment of DoD personnel, gambling, and the acceptance of gifts and gratuities. Exchange officers must exhibit "zero" tolerance of unethical practices as established by the above directive. While it may be true that most employees cannot be "bought" for a lunch or a pair of theatre tickets, the acceptance of these types of favors constitutes commercial bribery, and illegality on the part of the giver and receiver. It disposes the receiver to view the vendor offering the gift in a more favorable light. Once a gratuity, no matter how insignificant, is offered and accepted, the employee loses the impartiality that enables the vendor's merchandise service or performance to be evaluated objectively. Moreover, there is no end. Favors and gifts will follow time after time and the obligation will grow. Personnel in positions of authority, such as activity managers and assistants, warehouse supervisors, and department managers, etc., must be especially cautious in their dealings with vendors. It is not unknown for gifts and favors to be offered to persons not concerned with actual purchasing of goods or services, but who are in a position to show favoritism to one person's merchandise or service over another's. There must never be a hint of collusion between exchange personnel and vendors. Supervisory personnel, who may in the course of their duties have dealings with direct delivery vendors or delivery persons, must maintain an air of professionalism at all times, especially in the verification of merchandise counts and prices involving direct delivery items received from, or returned to, vendors.

2. DoD Directive 5500.7, paragraph XVI, provides for designation of a standards of conduct counselor at the DoD component level. At the exchange level, the exchange officer will act as the standards of conduct counselor. Instead of merely passing the directive around every 6 months as prescribed by the Nonappropriated Fund Instruction personnel manual, the purpose of which is to restate, review, and discuss all the salient points in the DoD Directive 5500.7. Special emphasis must be placed on governmental concern for strict compliance with ethical standards and the penalties provided for violations of these standards.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 24

MANDATORY MINIMUM SECURITY PROCEDURES FOR EXCHANGES

	<u>PARAGRAPH</u>	<u>PAGES</u>
GENERAL INFORMATION . . . . .	24000	24-3
SECURITY PROCEDURES--ALL EXCHANGES . . . . .	24001	24-3
		24-1



## MANDATORY MINIMUM SECURITY PROCEDURES FOR EXCHANGES

24000. GENERAL INFORMATION. While the loss prevention methodology, theories and devices discussed in previous chapters of this manual are valid for all exchanges, it would not be prudent or cost effective to implement them all. The exchange officer has the authority and flexibility to execute any or all of the procedures described herein, based on the value of the assets to be protected, the vulnerability to loss, the location and physical integrity of the facility, the shrinkage history or other causative factors. There are, however, certain basic procedures, rules, and devices which are cost effective and applicable to all exchanges. The employment of these procedures and regulations, enforced and reinforced on a sustained basis by management and security personnel, will have a positive effect on inventory shortage.

24001. SECURITY PROCEDURES--ALL EXCHANGES

1. Preemployment Reference Checks. While most prospective employees are honest by choice, there are those who, given the opportunity, would not hesitate to steal merchandise, money, or both. The first step in a viable loss prevention effort for exchanges must be the competent selection of low-risk employees, or conversely, the elimination of high-risk employees. As a Government instrumentality, exchanges are prevented from utilizing some of the screening techniques employed by many civilian stores such as preemployment polygraph testing, written honesty evaluation test, and the asking of certain "sensitive" questions on the employment application. Exchanges, however, may lessen the chances that high-risk applicants will be employed through the use of telephonic and written reference checks for each applicant. Figure 17-1 is a format for a telephonic reference check. It is useful for a cursory evaluation of the previous employment history of an applicant. It is incumbent upon the exchange officer, personnel officer, or designee to evaluate the responses and make a determination concerning the suitability of the applicant based on the information from the previous employer(s). Figure 17-2 is an example of the type of reference letter authorized by the applicant to be sent to a previous employer. If the information supplied by the applicant is false, the applicant will be generally removed from consideration realizing that the previous employer will not corroborate the information. Followup procedures must be accomplished on written reference checks.

2. Refund Verification. Refund manipulation can result in large inventory losses. Fraudulent returns made out to fictitious names and/or addresses have plagued retailers through the years. When refunds are issued within a department and are verified by a supervisor in the presence of the customer, this problem can be largely controlled. At a central refund desk, the possibility of fraudulent refunds exists to a somewhat greater degree. However, a central desk limits the risk of refund fraud to the employees assigned to the desk. Operations or security personnel will investigate all refunds and credits in an ongoing effort to determine if refund fraud is prevalent within the exchange. Refund customers will be sent a form letter enclosing a stamped, self-addressed envelope. The letter should inquire if the

refund was handled satisfactorily, if the refund clerk was courteous, and the reason for the return. The actual purpose of this letter is to determine if fraudulent refunds are issued. Analysis of letters returned as "undeliverable" or "no such address" should be investigated thoroughly. An alternative, though not as effective a method, is to select a certain percentage of refunds and telephone refund patrons asking the same questions as contained in the letter. All personnel concerned with the issuance of refunds must be made aware that all refunds are investigated. This is the best deterrent to fraudulent refunds.

3. Trash Removal. Often employees conceal merchandise in with the trash which is later retrieved by themselves or an accomplice. Trash inspection is important, but it is a dirty job and rarely goes beyond a perfunctory visual observation. Trash compactors have been in use for some time and, if built in through the wall of a warehouse facility, provide the optimum method of disposing of trash. However, cost is an important factor. Compactors are relatively expensive; however, new facilities should be considered for such installation based on the amount of trash generated. All cartons and boxes must be broken down and flattened before disposal. Before hauling to the dumpster or other storage area, all trash must be thoroughly inspected by supervisory personnel.

4. Security Checklist. The most profitable civilian retail companies are usually the best managed, the best controlled, and the most secure. Their control and security have been achieved through positive measures of prevention rather than by short-term emergency programs or questionable security gimmicks. In almost every case of dishonesty, either from outside or within, management has set a poor example by failing to impose elementary controls or failed to monitor its controls. It is vital that exchanges provide for a formal and systematic review of its control procedures and policies. Such a program need not be expensive. It may be accomplished through the establishment and periodic review of security checklists programed to the exchanges' own procedures and implemented at a frequency appropriate to the specific risk. It is the responsibility of exchange management at all levels to assure that adequate loss prevention measures are constantly in effect at all activities. Checklists shown as figures 22-1 through 22-3 will be used as guidance in conducting periodic inspections and surveys. The exchange may modify the checklist as necessary to suit their particular situation. While all echelons of management, as designated by the exchange officer, may perform loss prevention inspections, audits, and surveys, this responsibility should not be delegated below the level of department manager or security personnel. Guidance of these inspections and reviews is provided in chapter 22 of this manual.

5. Loss Prevention Training for Employees. The training of personnel in sales cashiery and stockkeeping techniques is of prime importance in combating shoplifting within exchanges. Without the help of rank and file employees, who are the first line of defense, no antishoplifting program can be effective. If every selling floor employee did everything in their power to combat shrinkage through shoplifting prevention and adherence to exchange regulations and security procedures, very little else would be required. As with any form of training, constant retraining and reinforcement is necessary. Management attitudes and policies act as a signal to both employees and potential shoplifters that theft is taken seriously. Management, down through first echelon supervisors, must show by their actions that shoplifting prevention will be accomplished.

6. Internal Loss Prevention Training. Conducting a successful internal loss prevention effort requires an intensive training and effective employee relations program. Developing a corporate instinct for loss prevention also requires that the trainer or training department be successful at "Human Relationships" and effective as communicators and teachers. Most exchanges have a person or persons within their ranks who genuinely enjoys communicating ideas and concepts to others. It is incumbent upon the exchange officer to seek out the employees with those qualifications. At smaller exchanges, the training of management and employees may be undertaken by the exchange officer as a collateral duty. A successful loss prevention program should accomplish these objectives:

a. Teach specific loss prevention functions to lower and middle management.

b. Enlist the cooperation of all exchange personnel in the overall loss prevention effort.

c. Gain favorable exposure through exchange-wide publicity for the loss prevention effort.

d. The major vehicle for enlisting the cooperation of all exchange personnel should be a loss prevention committee established at each exchange. Ideally, this committee should be comprised of middle and/or lower management and rank and file personnel. It should not be so large it becomes unwieldy. At smaller exchanges it could comprise two or three persons. Members of the committee may meet for 2 or 3 hours monthly to discuss existing exposures, recommend solutions, and carry back to their work areas the gospel of loss prevention. Suggested agenda items may include, but are not restricted to, the following:

(1) Shoplifting techniques.

(2) Detection and apprehension of shoplifters.

(3) Code signals used by exchange personnel for apprehension.

(5) Quick change artists.

(6) Cash handling techniques including change making, voids, and overrings, etc.

(7) Check verification, authorized patrons ID checks, and re-funds.

(8) Strengthening internal controls including restricted entry areas, locks, alarms, trash, fitting rooms, etc.

(9) Employees' package and locker inspection.

(10) Employees' entrance and exit parking spaces.

(11) Control of direct delivery merchandise and vendors.

(12) Conducting and supervision of spot-check inventories.

(13) Accuracy in recording of price changes, receiving and transferring documents, and vendor returns.

- (14) Publicizing loss prevention.
- (15) Security check of indirect operations.
- (16) Employee awards/recognition for loss prevention suggestions.
- (17) Code of conduct for exchange personnel.
- (18) Employee morale and involvement in loss prevention program.

e. The basic premise of the loss prevention committee is to involve store personnel, and involvement generally translates into favorable results. Motion pictures, film strips, videotapes, and slide presentations are among the most effective training devices. These may be obtained from trade and professional associations such as National Retail Merchants Association. Loss prevention posters, whether professionally or in-house prepared, are valuable tools for keeping employees constantly aware of the need for continuing loss prevention efforts. The more the exchange publicizes loss prevention, the more influence it will have on that critical moment of decision between honesty and dishonesty. Loss prevention and security departments should, for the most part, maintain a highly visible profile. Its activities should be open and well known among exchange employees.



SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 25

MANDATORY MINIMUM PHYSICAL SECURITY REQUIREMENTS

	<u>PARAGRAPH</u>	<u>PAGE</u>
EXISTING EXCHANGE FACILITIES . . . . .	25000	25-3
NEW EXCHANGE FACILITIES . . . . .	25001	25-4
		25-1



MANDATORY MINIMUM PHYSICAL SECURITY REQUIREMENTS

25000. EXISTING EXCHANGE FACILITIES. For existing exchange facilities, the exchange officer must establish and maintain the following minimum physical security requirements. This does not preclude the exchange officer from implementing any other physical security measures based on local criteria.

1. Employee Lockers. Mandatory for main exchange facility only. All exchange employees should be provided with an area where personal gear may be secured. The ideal type of locker is a steel, numbered arrangement with a combination lock which can be changed upon re-assignment or termination of the employee. Employees should not be permitted to take personal belongings to their work stations.

2. Employee Package Area. Employees should not be permitted to bring merchandise, purchased in the exchange, to their work station. A secure area must be provided for these packages. All packages, brought in by employee with the intention that they are to be taken out, should also be secured until the employee is ready to leave the premises at the conclusion of the work shift. At small branches or facilities, the package area may be a portion of the manager's office or any secure area. Ideally, at a large main exchange facility, the area should be a secure, controlled place near the employee entrance/exit. A duplicate-numbered check system may be used, with one portion given to the employer and the other fastened to the package until redemption.

3. Employee Parking Area. Exchange employees should not be permitted to park near entrances, exits, or warehouse facilities of the exchange. When practicable, exchange employees should have a designated parking area away from the exchange facility. This serves a dual purpose. First, it does not allow for easy access from an exchange warehouse exit or loading dock to the employees' auto. Second, it allows patrons to park closer to the facility in spaces which might normally be taken by exchange employees. Printed rules should be conspicuously displayed in the employee area regarding lockers, packages, and parking.

4. Employee Entrance/Exit. Exchange employees must use only one door for entrance and exit. This entrance/exit may be the front door in those facilities without a separate employee door, but if the front door is designated for employee entrance and exit, this policy must be strictly enforced. Employees should not be allowed to exit and enter through fire doors, back doors, warehouse loading docks, etc., because it is more convenient. Employee designated entrances/exits must be controlled and monitored especially before the facility opens for business and after closing until all employees leave.

5. Lock and Key Control. The control of locks and keys must be given absolute top priority as the basic protection and loss prevention device within the exchange. The use of keys and locks is described in chapter 22 of this Manual. Proper key control must be established at each exchange by the exchange officer based on the need for access to various sections of the exchange by individual employees. A key cabinet is an excellent method of control, provided an accurate, up-dated record is kept for all keys, which lock they open, the employees they are assigned to, and the date issued. These records must be inspected periodically to ensure they are up to date. Keys should not identify the doors and locks they operate, but will be marked with a code so that the person(s) responsible for key control can tell where they are usable. Duplicate or spare keys should be stored in a separate locked cabinet in a secure area.

6. Warehouse Doors. Doors to warehouses should be secured with strong metal hasps and heavy-duty padlocks, except for those designated as fire exits. Overhead doors should be of metal, rollup type, and secured at night from the inside with high quality padlocks. At exchanges with nonair-conditioned warehouses, especially in warmer climates, metal, overhead rollup grille-type doors should be installed. These doors may be kept in a lowered position during working hours, yet provide for the circulation of outside air within the facility. These rollup grilles should be secured at night with a high quality padlock from within. This arrangement will provide double protection during nonworking hours when used in conjunction with the regular doors.

7. Fitting Room Controls. The best control for fitting rooms is to assign a checker to each bank of fitting rooms, utilizing garment control tags. As a minimum, each fitting room must be equipped with a lockable door; the keys to be controlled by supervisory personnel within the department.

8. Perimeter Alarms. All main exchange facilities must, as a minimum, be protected by a perimeter alarm system with magnetic contacts on all accessible openings. This minimum security system may be augmented, as prescribed by, the exchange officer, by other security devices (motion detectors, etc.), as appropriate. "Shunt" switches, which enable the alarm system to be circumvented, should not be used. With the elimination of shunt switches, the alarm must be triggered when entering a facility, providing a record of entry. Alarms should be of silent type, connected to the base Provost Marshal Officer. The exception might be in outlying, remote areas where Provost Marshal Officer response time is limited. In those instances, the alarm should be an audible type, the purpose of which is to deter rather than apprehension.

9. Holdup Alarms. Holdup alarms must be installed in cash cages and cash offices of main exchanges. Where practicable, they should also be installed in service stations. These areas are particularly vulnerable to armed robbery. These silent alarms are connected to the base Provost Marshal Office and they must be checked periodically to ensure that they are in proper operating condition and the correct signal is being received at the Provost Marshal Office for the initiating facility.

10. Emergency Exits. Those exits designated as fire emergency exits will be equipped with a panic alarm. This device permits exiting through the door by pushing the handle of the panic bar. This device will set off an audible alarm alerting personnel that the door has been opened. The panic alarm is battery operated and the battery must be checked frequently to ensure proper operation. This alarm may not be reset by closing the door. It must be reset by using a key which should be in the possession of the store manager or designee only.

25001. NEW EXCHANGE FACILITIES. All new exchange facility construction will have, as a minimum, the following safeguards built in. This does not preclude the exchange officer from augmenting these safeguards with other cost effective measures based on local criteria.

1. Employee Parking Area. Employees must be provided with a clearly marked parking area, a reasonable distance from all exchange and warehouse entrances and exits.

2. Employee Entrance/Exit. New main exchange facilities will incorporate a designated employee entrance/exit door. Employees will be instructed to use this door upon entering and exiting the facility.

3. Employee Package Area. New main exchange facilities will be designed to incorporate an employee package area. Ideally, this secure area will be located adjacent to the employee entrance/exit. All purchases and packages brought into the exchange will be secured in this area until redeemed at the conclusion of the employees' work shift.

4. Employee Lockers. New main exchange facilities will be designed to incorporate an employee locker room. These lockers will be of sufficient size and strength and secured with a built-in combination lock for which the combination may be changed upon reassignment or termination of the employee.

5. Cash Cage Construction. Cash cages and check cashing offices must receive special attention due to the large amounts of money generally on hand. Basic standard requirements for cash office protection are as follows:

- a. Bullet resistant glass for tellers' windows (no openings).
- b. Recessed cash trays.
- c. Steel lined window facings (area around glass).
- d. Door to cash office should be of solid construction and steel lined.
- e. Cash office entrance should be designed with a bandit trap.
- f. Entrance door in cash office should be equipped with magnetic door contacts connected to existing alarm system. This door must be on a separate "zone" to allow the cash office to remain activated while the rest of the alarm system is deactivated. The safe in the cash office should also be alarmed and "zoned."

6. Lock and Key Control. Locking devices on exterior doors must be equipped with a cylinder type dead-bolt locking device; except for those doors designated as emergency exits which will be equipped with a detex-type panic bar and alarm. The exterior door cylinder may be of the interchangeable core variety for cost effectiveness. The exchange officer or designee must be responsible for key control. Accurate records must be kept of all keys and locks, including padlocks. This record must reflect the location of each lock, the keys assigned to each employee, and the date issued. Lock cores must be changed whenever the system is compromised through theft or loss of keys or through employee termination. The records must be continually updated to reflect these changes. Keys should be marked with a code so that personnel responsible for key security can tell where they are usable. Duplicate or spare keys should be kept in a locked cabinet in a secure area.

7. Holdup Alarms. Holdup alarms wired directly to the Provost Marshal Office must be installed in the cash office at the main exchange and at the service station office when practicable. These alarms may be installed at other facilities at the option of the exchange officer, depending upon the cost effectiveness when balanced against the assets involved and the vulnerability of the facility.

8. Perimeter Alarm System. All exterior doors, windows, and accessible openings must be equipped as a minimum, with magnetic contacts wired directly to the Provost Marshal Office. In addition, windows must be protected with magnetic foil tape or similar device to prevent entrance through a broken window. Added protection may be afforded by installing contacts on interior doors which are "zoned" to permit deactivation of portions of the facility while maintaining active alarms in other areas. This arrangement would allow clean-up and stock crews to work early or late at a portion of a facility without compromising security in cash offices, warehouses, stock rooms, etc. The contacts on interior doors should be recessed to prevent removing the magnetic element and taping it to the switch, thus preventing the alarm from sounding. If contacts cannot be recessed, one-way screws should be employed on the magnetic elements to make it more difficult for potential thieves to unscrew them with a screwdriver.

9. Fitting Rooms. Fitting rooms, which are particularly vulnerable to shoplifting must be constructed to allow patrons a certain measure of privacy while affording the exchange an opportunity to protect its merchandise from loss. New fitting rooms construction must incorporate the following elements:

- a. Wooden louvered doors, stopping 18 inches from the floor. Doors should be equipped with locks.
- b. Louvers should be reversed to permit monitoring of patrons.
- c. Carpeting (if installed) should be securely glued to flooring.
- d. Mirrors should be securely caulked on all sides.
- e. At least two hooks should be provided for patrons' garments.

SECURITY AND LOSS PREVENTION MANUAL

CHAPTER 26

ELECTRONIC DATA PROCESSING SECURITY

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL INFORMATION . . . . .	26000	26-3
SYSTEM CONTROLS . . . . .	26001	26-3
MINIMUM CONTROL STANDARDS . . . . .	26002	26-4
		26-1
		Ch 2





26000. GENERAL INFORMATION

1. Increased reliance upon computer' to store, process, or otherwise satisfy data handling needs, and the installation of minicomputer at the Marine Corps exchanges have added new dimensions of complexity to traditional security Problems. It is axiomatic that with the concentration of many previously dispersed functions in the computer, the need for effective control over computer processing becomes particularly critical. There exists a great danger of inadvertent or intentional destruction or distortion of processed information in a computer system, and System users must take steps to minimize this danger through adoption and enforcement of appropriate control procedures.

2. Electronic data processing (EDP) security applies to the overall aspects of security within the management information system (MIS), and therefore encompasses all security measures contributing to the safeguarding of EDP system resources. No attempt is made here to specify in detail all the acceptable combinations of control techniques which might satisfy a control standard under varying conditions. This requires the use of judgment in each particular case. For that reason, cognizant managers at all levels are encouraged to apply imaginative and resourceful solutions to the practical aspects of satisfying prescribed standards in their operating environments, particularly to the extent that such solutions are not provided herein or otherwise.

26001. SYSTEM CONTROLS

1. In order to maintain control, and in the interest of uniformity and compatibility, hardware and software to be used in the exchange MIS are restricted to those items specifically approved by the Commandant ( ) the Marine Corps (Code LFE). Software is restricted to the application programs, job control language, and data files that are sanctioned and implemented by Headquarters Marine Corps. This restriction prohibits the use of any locally developed programs on any exchange computer on the MIS controlled by headquarters Marine Corps.

2. Guidelines on separation of function and duties as a routine security measure are prescribed in MCO P40GC.13E, paragraph 2504.3, and are equally applied to EDP operations. While division of functions and duties is a characteristic of all well designed systems, whether manual or mechanized, a high degree of importance is placed on this control in the EDP environment due to the heavy concentration of the processing function in one area.

3. To the fullest extent practicable, functions involving initiation and authorization of transactions (source documents) will not be relegated to the EDP element. The EDP element acts in a service capacity for other organizational elements and as such must be limited to the functions of recording and processing of data. Likewise, other functional elements will not have direct contact or control over actual operation of the computer. Within the EDP element, the functions of system design and programming will be separated from computer operations. Separation of key duties at all levels will be established so as to preclude any one individual or functional element from gaining the opportunity to adversely affect the system. Procedural checks and balances must be built into manual processes and interfaces so that violations are detectable when control passes from individual to individual or station to station.

26002. MINIMUM CONTROL STANDARDS. Following is a listing of minimum control standards with one or more techniques that may be adopted to satisfy each. The required methods of meeting a particular control standard will vary from activity to activity, but the standards themselves remain applicable.

<u>Control Standard</u>	<u>Technique</u>
Establish a method to ensure data is complete, accurate, and authorized.	Designate a control individual or group to:  Record and review all data for processing.  Ensure detected errors are corrected.  Properly distribute output.
Establish and maintain internal operating procedures.	Issue written instructions to ensure that each EAR employee is made aware of policies necessary to ensure accurate performance of duties. As a minimum, the following EDP functions should be addressed:  Data Control.  Key punch and other data conversion.  Computer and unit records operations.  File storage.  (Instructions must specify who is responsible, the nature of the operation, when it is to be performed, and description of error conditions.)
Establish statistic and performance review procedures.	EDP operations supervisors must constantly review actual practices to ensure compliance with procedures. This can be accomplished through observation of EDP employees at work and/or review of machine utilization logs, output reports, control logs, etc. Irregularities must be thoroughly investigated and explained.

<u>Control Standard</u>	<u>Technique</u>
Specify lines of responsibility and authority in each EDP functional area.	<p>Where applicable, separate programming and operating functions.</p> <p>Restrict program knowledge of machine operators. When this action is not practical, reliance must be placed on controls exercised through the source (i.e., Personnel Payroll, Financial Management, etc.) and/or users, and must include:</p> <p>Scrutiny of output processed.</p> <p>Emphasis on reconciliation of accounting controls.</p> <p>Establish a planned program of rotation of operators on sensitive runs such as payroll.</p> <p>Positive controls on the issuance and storage of system files.</p>
Establish physical safeguards	<p>Restrict access to areas housing central processing equipment.</p> <p>Specific instructions for securing terminal equipment located in warehouses, offices, etc.</p> <p>Positive control of passwords.</p> <p>Lock and key control of space.</p> <p>Physically and/or electronically disconnecting from central processing units when not in use.</p> <p>Specific instructions on handling and storage of:</p> <p>Checks and other critical forms.</p> <p>Personnel records.</p> <p>Signature stamps/plates.</p> <p>Stock records.</p> <p>Key management reports.</p>

<u>Control Standard</u>	<u>Technique</u>
Establish environmental safeguards.	Specific instructions on fire prevention:  Smoking restrictions.  Restrictions on storage of flammable items in operating areas.  Fire detection and extinguishing equipment and systems.  Procedures to be followed in case of fire.  Details on cleaning of equipment and spaces.  Specific instructions to guard files against humidity, temperature, or other atmospheric conditions.